



SKH CONSORTIUM BERHAD

# **SKH CONSORTIUM BERHAD**

(Company No. 383028-D)  
(Incorporated in Malaysia)

**Year 2017**

**Quarterly Announcement**

**For The Quarter Ended 31 March 2017**

**SKH CONSORTIUM BERHAD**  
(Company No. 383028-D)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 MARCH 2017**

|  | INDIVIDUAL<br>QUARTER<br>CURRENT<br>QUARTER<br>ENDED<br>31 March 2017<br><u>(Unaudited)</u><br>RM'000 | CUMULATIVE<br>PERIOD<br><br>12 MONTHS<br>ENDED<br>31 March 2017<br><u>(Unaudited)</u><br>RM'000 |
|--|---|---|
| Revenue  | 33,245  | 136,555   |
| Direct costs   | (29,464)  | (120,298)   |
| Gross profit   | <u>3,781</u>  | <u>16,257</u>   |
| Other income   | 343   | 1,314   |
|  | <u>4,124</u>  | <u>17,571</u>   |
| Operating expenses                                     | (4,650)   | (15,665)  |
| Finance costs  | (1)   | (6)   |
| (Loss)/Profit before taxation                          | <u>(527)</u>  | <u>1,900</u>  |
| Income tax expense                                     | 632   | (347)   |
| Profit after taxation/Total comprehensive income       | <u>105</u>  | <u>1,553</u>  |
| Profit/(Loss) after taxation attributable to:-         |   |   |
| Owners of the Company                                  | 112   | 1,551   |
| Non-controlling interests                              | (7)   | 2   |
|  | <u>105</u>  | <u>1,553</u>  |
| Total comprehensive income/(expenses) attributable to: |   |   |
| Owners of the Company                                  | 112   | 1,551   |
| Non-controlling interests                              | (7)   | 2   |
|  | <u>105</u>  | <u>1,553</u>  |
| Earning per share (EPS) (in sen)                       |   |   |
| Basic EPS  | 0.02  | 0.28  |
| Diluted EPS  | 0.02  | 0.28  |

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**  
**(Company No. 383028-D)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2017**

|  | <b>(UNAUDITED)</b>   | <b>(AUDITED)</b>     |
|--|----------------------|----------------------|
|  | <b>As at</b>         | <b>As at</b>         |
|  | <b>31 March 2017</b> | <b>31 March 2016</b> |
|  | <b>RM'000</b>        | <b>RM'000</b>        |
| <b>ASSETS:</b>                                     |                      |                      |
| <b>Non-Current Assets:</b>                         |                      |                      |
| Property and equipment                             | 9,338                | 9,054                |
| Other investment                                   | -                    | 199                  |
| Other intangible assets                            | -                    | 893                  |
| Investment property                                | 1,336                | 1,430                |
| Lease receivable                                   | -                    | 116                  |
| Goodwill on consolidation                          | 5,764                | 5,764                |
|  | <b>16,438</b>        | <b>17,456</b>        |
| <b>Current Assets:</b>                             |                      |                      |
| Inventories  | 17,386               | 17,733               |
| Trade and other receivables                        | 27,653               | 25,948               |
| Lease receivable                                   | -                    | 48                   |
| Tax refundable                                     | 1,314                | 120                  |
| Short-term investments                             | 13,846               | 13,371               |
| Cash and bank balances                             | 11,372               | 13,706               |
|  | <b>71,571</b>        | <b>70,926</b>        |
| Asset held for sale                                | -                    | 1,198                |
| <b>TOTAL ASSETS</b>                                | <b>88,009</b>        | <b>89,580</b>        |
| <b>EQUITY AND LIABILITIES:</b>                     |                      |                      |
| <b>EQUITY</b>                                      |                      |                      |
| Share capital                                      | 55,444               | 55,444               |
| Reserves   | 10,633               | 9,082                |
| Total equity attributable to owners of the Company | 66,077               | 64,526               |
| Non-controlling interests                          | (109)                | (111)                |
| <b>TOTAL EQUITY</b>                                | <b>65,968</b>        | <b>64,415</b>        |
| <b>Non-Current Liabilities:</b>                    |                      |                      |
| Hire purchase payable                              | 87                   | 115                  |
| Deferred tax liabilities                           | 65                   | 30                   |
|  | <b>152</b>           | <b>145</b>           |
| <b>Current Liabilities:</b>                        |                      |                      |
| Trade and other payables                           | 21,863               | 24,978               |
| Hire purchase payable                              | 26                   | 25                   |
| Provision for taxation                             | -                    | 17                   |
|  | <b>21,889</b>        | <b>25,020</b>        |
| <b>TOTAL LIABILITIES</b>                           | <b>22,041</b>        | <b>25,165</b>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>                | <b>88,009</b>        | <b>89,580</b>        |
| <b>Net assets per share (sen)</b>                  | <b>11.92</b>         | <b>11.64</b>         |

(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**  
(Company No. 383028-D)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE TWELVE (12) MONTHS ENDED 31 MARCH 2017**

|  | <b>(UNAUDITED)</b><br><b>CURRENT</b><br><b>PERIOD-TO-DATE</b><br><b>12 MONTHS</b><br><b>ENDED</b><br><b>31 March 2017</b><br><b>RM'000</b> |
|--|--|
| <b>CASH FLOW FOR OPERATING ACTIVITIES</b>                    |  |
| Profit before taxation                                       | 1,900  |
| Adjustments for non-cash items:                              |  |
| Amortisation of other intangible assets                      | 143  |
| Depreciation of property and equipment                       | 992  |
| Depreciation of investment property                          | 94   |
| Impairment losses on receivables                             | 103  |
| Impairment loss on intangible asset                          | 750  |
| Interest expense   | 6  |
| Loss on disposal of other investment                         | 169  |
| Gain on disposal of property and equipment                   | (121)  |
| Interest income  | (496)  |
| Reversal of impairment losses on receivables                 | (471)  |
| Operating profit before changes in working capital           | 3,069  |
| Net change in inventories                                    | 347  |
| Net change in trade & other receivables                      | (1,337)  |
| Net change in trade & other payables                         | (3,115)  |
| Cash flow for operations                                     | (1,036)  |
| Income tax paid  | (1,523)  |
| Interest paid  | (6)  |
| <b>Net cash for operating activities</b>                     | <b>(2,565)</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |  |
| Interest received  | 496  |
| Proceeds from disposal of other investment                   | 30   |
| Proceeds from disposal of property and equipment             | 1,319  |
| Repayment from lease receivable                              | 164  |
| Purchase of equipment  | (1,276)  |
| <b>Net cash from investing activities</b>                    | <b>733</b>   |
| <b>NET CASH FOR FINANCING ACTIVITY</b>                       |  |
| Repayment of hire purchase payable                           | (27)   |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>               | <b>(1,859)</b>   |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR | 27,077   |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR       | <b>Note 1 25,218</b>   |

(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:

|                        | <b>31 March 2017</b><br><b>RM'000</b> |
|------------------------|---------------------------------------|
| Short-term investments | 13,846                                |
| Cash and bank balances | 11,372                                |
|                        | <b>25,218</b>                         |

**SKH CONSORTIUM BERHAD**  
(Company No. 383028-D)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE TWELVE (12) MONTHS ENDED 31 MARCH 2017**

|  | ← Non-Distributable → |                  |                    | Distributable                                   | Attributable<br>To Owners<br>of the<br>Company | Non-<br>Controlling<br>Interests | Total         |
|--|-----------------------|------------------|--------------------|---|--|----------------------------------|---------------|
|  | Share<br>Capital      | Share<br>Premium | Warrant<br>Reserve | (Accumulated<br>Losses) /<br>Retained<br>Profit |  |                                  |               |
|  | RM'000                | RM'000           | RM'000             | RM'000  | RM'000   | RM'000                           | RM'000        |
| <b>12 months ended 31 March 2017</b>                                 |                       |                  |                    |   |  |                                  |               |
| Balance as at 1 April 2016   | 55,444                | 5,324            | 10,052             | (6,294)   | 64,526   | (111)                            | 64,415        |
| Reclassification of warrant reserve upon expiry of Warrant 2012/2017 | -                     | -                | (10,052)           | 10,052  | -  | -                                | -             |
| Profit after taxation for the 12 months ended 31 March 2017          | -                     | -                | -                  | 1,551   | 1,551  | 2                                | 1,553         |
| Balance as at 31 March 2017  | <u>55,444</u>         | <u>5,324</u>     | <u>-</u>           | <u>5,309</u>                                    | <u>66,077</u>                                  | <u>(109)</u>                     | <u>65,968</u> |

(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”)**

(Company No. 383028-D)  
(Incorporated in Malaysia)

## **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2017**

### **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 Cyclicalities 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<br>Division<br>RM'000 | Construction<br>Division<br>RM'000 | The Group<br>RM'000 |
|--|----------------------------------|------------------------------------|---------------------|
| <b>Current quarter ended<br/>31 March 2017</b>     |                                  |                                    |                     |
| <b>Revenue</b>                                     |                                  |                                    |                     |
| External revenue                                   | 32,738                           | 507                                | 33,245              |
| <b>Results</b>                                     |                                  |                                    |                     |
| Segment results                                    | (71)                             | 397                                | 326                 |
| Interest income                                    | 121                              | -                                  | 121                 |
| Reversal of impairment losses on receivables       | 178                              | -                                  | 178                 |
| Amortisation of other intangible assets            | (36)                             | -                                  | (36)                |
| Depreciation of property and equipment             | (281)                            | (4)                                | (285)               |
| Depreciation of investment property                | (24)                             | -                                  | (24)                |
| Impairment loss on intangible asset                | (750)                            | -                                  | (750)               |
| Impairment losses on receivables                   | (56)                             | -                                  | (56)                |
| Interest expense                                   | (1)                              | -                                  | (1)                 |
| Consolidated (loss)/profit before taxation         | (920)                            | 393                                | (527)               |
| Income tax expense                                 | 300                              | 332                                | 632                 |
| Consolidated (loss)/profit after taxation          | (620)                            | 725                                | 105                 |
| <b>Assets</b>                                      |                                  |                                    |                     |
| Segment assets/Consolidated total assets           | 63,569                           | 24,440                             | 88,009              |
| <b>Liabilities</b>                                 |                                  |                                    |                     |
| Segment liabilities/Consolidated total liabilities | 21,980                           | 61                                 | 22,041              |

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 23 May 2017, 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 except the following:-

- (i) On 27 April 2017, the Company entered into a conditional sale and purchase agreement with Hien Seng Properties Sdn Bhd for the acquisition of two properties for a total consideration of RM4,800,000.00. The purpose of the acquisition is to enable the settlement of debt owing to the Group by way of offsetting the amount owing to the Group against the purchase price of the properties.
- (ii) On 11 May 2017, a wholly-owned subsidiary of the Company, Super Kian Holdings Sdn Bhd ("SKHSB") has received a letter from Total Merit Sdn Bhd ("TMSB") whereby TMSB has requested SKHSB to temporarily stop the managing contractor work as TMSB has decided to delay the development of the land for a period of one (1) year from 11 May 2017. The postponement of the project by TMSB is mainly due to the unstable economic conditions affecting the oil and gas industry in Kemaman, which in turn caused a lower demand for properties and has been further affected by lower purchasing power due to tightened borrowing policies imposed by financial institutions on prospective purchasers. As a result of TMSB's request to delay, TMSB froze the calculation of the management period until the re-commencement of the managing contractor work. TMSB agrees that SKHSB will not be liable for any liquidated and ascertained damages as a result of its decision to postpone the work.

#### **A12. Changes in the Composition of the Group**

There were no 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 26 May 2017 (the latest practicable date of issue of this report).

#### **A14. Capital Commitments**

There were no capital commitments as at 26 May 2017 (the latest practicable 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 31.3.2017 are as follows:

|  | Current<br>quarter<br>RM'000 | Cumulative<br>period-to-date<br>RM'000 |
|--|------------------------------|--|
| Professional services rendered by a company in which a director is a common director and has substantial financial interest    | -                            | 10                                     |
| Rental of office premises charged by a company in which a director is a common director and has substantial financial interest | 11                           | 111                                    |
| Rental of office premises charged to a company in which a director is a common director and has substantial financial interest | 1                            | 1                                      |
| Key management personnel:-   |                              |  |
| - salaries and allowances  | 192                          | 771                                    |
| - defined contribution plans   | 23                           | 92                                     |
| - others   | 1                            | 2                                      |
| - fee  | 72                           | 278                                    |

**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 |
|---|--------------------|-------------------|
|   | 31.3.2017          | 31.3.2017         |
|   | RM'000             | RM'000            |
| <b>Revenue:-</b>                                    |                    |                   |
| IT and ICT Division                                 | 32,738             | 129,480           |
| Construction Division                               | 507                | 7,075             |
|   | <b>33,245</b>      | <b>136,555</b>    |
| <b>(Loss)/Profit before taxation ("LBT/PBT") :-</b> |                    |                   |
| IT and ICT division                                 | (920)              | (165)             |
| Construction Division                               | 393                | 2,065             |
|   | <b>(527)</b>       | <b>1,900</b>      |

#### 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 in the current quarter was mainly due to the impairment of intangible asset of RM750,000 and decrease in revenue, thus lower profits from the IT and ICT division to cover the operating expenses in the current quarter. The decrease in revenue in the current quarter was mainly due to lower sales of DIY products, accessories and gadgets.

#### Construction Division

Revenue recognised in the current quarter mainly attributable to work performed for a project in Kemaman. The PBT in the current quarter under review was mainly derived from profit from the project in Kemaman.

#### B2. Comments on Material Changes in the LBT/PBT for the Quarter Reported as Compared with the Preceding Quarter

|                       | Current quarter ended 31.3.2017 | Previous quarter ended 31.12.2016 |
|-----------------------|---------------------------------|-----------------------------------|
|                       | RM'000                          | RM'000                            |
| <b>Revenue:-</b>      |                                 |                                   |
| IT and ICT Division   | 32,738                          | 34,729                            |
| Construction Division | 507                             | 506                               |
|                       | <b>33,245</b>                   | <b>35,225</b>                     |
| <b>(LBT)/PBT :-</b>   |                                 |                                   |
| IT and ICT Division   | (920)                           | 699                               |
| Construction Division | 393                             | 435                               |
|                       | <b>(527)</b>                    | <b>1,134</b>                      |

#### IT and ICT Division

The decrease in revenue in the current quarter was mainly due to lower sales of DIY products, accessories and gadgets. The LBT for the current quarter was mainly due to impairment of intangible asset of RM750,000 and lower contribution from the sales of IT and ICT products in the current quarter.

#### Construction Division

A lower PBT in the current quarter was due to slight increase in operating expenses in the current quarter.

## 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 looking at areas of opportunities in the current business segments as well as strengthening the Group's position in the market. The Group will also from time to time look for more business opportunities.

The Board expects that the overall outlook for the Group's performance for the next financial year will be challenging due to the uncertainties in the current market condition.

#### 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<br>Quarter<br>RM'000 | Year-To-Date<br>RM'000 |
|---|------------------------------|------------------------|
| Current tax expense:                              |                              |                        |
| - For the current financial period                | 242                          | (702)                  |
| - Overprovision in the previous financial year    | 390                          | 390                    |
|   | <u>632</u>                   | <u>(312)</u>           |
| Deferred tax expense:                             |                              |                        |
| - Current deferred tax                            | -                            | (20)                   |
| - Underprovision in the previous financial period | -                            | (15)                   |
|   | <u>-</u>                     | <u>(35)</u>            |
|   | <u>632</u>                   | <u>(347)</u>           |

#### B6. Status of Corporate Proposals

There were no corporate proposals as at 26 May 2017 (the latest practicable 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 31.3.2017 | Revised Timeframe for Utilisation | Deviation |      | Explanation |
|--|----------------------|------------------------------------|-----------------------------------|-----------|------|-------------|
|  | RM'000               | RM'000                             |                                   | RM'000    | %    |             |
| Working capital requirements                                     | 9,004                | 9,004                              | Within 48 months <sup>(i)</sup>   | -         |      |             |
| Expansion of existing business                                   | 9,782                | 9,782                              | Within 24 months <sup>(i)</sup>   | -         |      |             |
| Working capital requirements for the projects in Kemaman         | 5,000                | 682                                | Within 18 months <sup>(ii)</sup>  | 4,318     | 86.4 | N1          |
| Future projects in the property industry                         | 7,000                | 7,000                              | Within 24 months <sup>(i)</sup>   | -         |      |             |
| Estimated expenses in relation to the Rights issue with Warrants | 477                  | 477                                | Within 1 month <sup>(i)</sup>     | -         |      |             |
| <b>Total</b>   | <b>31,263</b>        | <b>26,945</b>                      |                                   |           |      |             |

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 31.3.2017<br>RM'000 |
|--|---------------------------|
| <b>Current – unsecured</b>                       |                           |
| Hire purchase payable - payable within 12 months | 26                        |
| <b>Non-current – unsecured</b>                   |                           |
| Hire purchase payable - payable after 12 months  | 87                        |
|  | <hr/>                     |
|  | 113                       |
|  | <hr/>                     |

**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<br>Quarter<br>Current<br>Quarter<br>Ended<br>31.3.2017 | Cumulative<br>Period<br>Current<br>Period-to-date<br>Ended<br>31.3.2017 |
|--|---|---|
| Profit after taxation attributable to the owners of the Company (RM'000) | 112   | 1,551   |
| Weighted average number of ordinary shares in issue                      | 554,441,745   | 554,441,745   |
| Basic earnings per share (sen)   | 0.02  | 0.28  |
| Diluted earnings per share (sen)   | 0.02  | 0.28  |

## 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<br>quarter<br>31/3/2017<br>RM'000 | Current<br>Period-to-date<br>31/3/2017<br>RM'000 |
|--|---|--|
| Interest income  | 121                                       | 496  |
| Other income   | -   | -  |
| Interest expense   | 1   | 6  |
| Depreciation of property and equipment                     | 285                                       | 992  |
| Depreciation of investment property                        | 24  | 94   |
| Amortisation of other intangible assets                    | 36  | 143  |
| Impairment losses on receivables                           | 56  | 103  |
| Impairment loss on intangible asset                        | 750                                       | 750  |
| Reversal of impairment losses on receivables               | 178                                       | 471  |
| Provision for and write off of inventories                 | -   | -  |
| Gain on disposal of property and equipment                 | -   | 121  |
| Loss on disposal of other investment                       | -   | 169  |
| Gain or loss on disposal of quoted or unquoted investments | -   | -  |
| Impairment of assets                                       | -   | -  |
| Unrealised gain on foreign exchange                        | -   | -  |
| Realised gain on foreign exchange                          | -   | 73   |
| Gain or loss on derivatives                                | -   | -  |
| Exceptional items  | -   | -  |

#### 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<br>31.3.2017<br>RM'000 | As at<br>31.3.2016<br>RM'000 |
|--|------------------------------|------------------------------|
| Total retained profit/(accumulated losses) of the Group: |                              |                              |
| - realised   | (7,536)                      | (25,140)                     |
| - unrealised   | -                            | -                            |
|  | (7,536)                      | (25,140)                     |
| Less: Consolidation Adjustments                          | 12,845                       | 18,846                       |
|  | 5,309                        | (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 30 May 2017.