



SKH CONSORTIUM BERHAD

# **SKH CONSORTIUM BERHAD**

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

**Year 2018**

**Quarterly Announcement**

**For The Quarter Ended 30 June 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 30 JUNE 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	<u>30 June 2017</u> (Unaudited) RM'000	<u>30 June 2016</u> (Unaudited) RM'000	<u>30 June 2017</u> (Unaudited) RM'000	<u>30 June 2016</u> (Unaudited) RM'000
Revenue	34,511	34,439	34,511	34,439
Direct costs	(31,070)	(30,492)	(31,070)	(30,492)
Gross profit	<u>3,441</u>	<u>3,947</u>	<u>3,441</u>	<u>3,947</u>
Other income	180	339	180	339
	<u>3,621</u>	<u>4,286</u>	<u>3,621</u>	<u>4,286</u>
Operating expenses	(3,437)	(3,755)	(3,437)	(3,755)
Finance costs	(1)	(2)	(1)	(2)
Profit before taxation	<u>183</u>	<u>529</u>	<u>183</u>	<u>529</u>
Income tax expense	(188)	(325)	(188)	(325)
(Loss)/ Profit after taxation/ Total comprehensive (expenses)/income	<u>(5)</u>	<u>204</u>	<u>(5)</u>	<u>204</u>
(Loss)/Profit after taxation attributable to:-				
Owners of the Company	(5)	207	(5)	207
Non-controlling interests	*	(3)	*	(3)
	<u>(5)</u>	<u>204</u>	<u>(5)</u>	<u>204</u>
Total comprehensive (expenses)/income attributable to:				
Owners of the Company	(5)	207	(5)	207
Non-controlling interests	*	(3)	*	(3)
	<u>(5)</u>	<u>204</u>	<u>(5)</u>	<u>204</u>
(Loss)/Earning per share [(LPS)/EPS] (in sen)				
Basic (LPS)/EPS	#	0.04	#	0.04
Diluted (LPS)/EPS	#	0.04	#	0.04

Notes:-

\* - Amount less than RM1,000

# - LPS less than 0.01 sen

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 March 2017 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 30 JUNE 2017**

	<u>(UNAUDITED)</u>	<u>(AUDITED)</u>
	As at 30 June 2017	As at 31 March 2017
	RM'000	RM'000
<b>ASSETS:</b>		
<b>Non-Current Assets:</b>		
Property and equipment	9,084	9,337
Investment property	1,314	1,337
Trade receivable	1,824	2,432
Goodwill on consolidation	5,764	5,764
	<u>17,986</u>	<u>18,870</u>
<b>Current Assets:</b>		
Inventories	17,973	17,386
Trade and other receivables	25,596	25,221
Tax refundable	1,498	1,314
Short-term investments	13,964	13,846
Cash and bank balances	12,784	11,372
	<u>71,815</u>	<u>69,139</u>
<b>TOTAL ASSETS</b>	<u>89,801</u>	<u>88,009</u>
<b>EQUITY AND LIABILITIES:</b>		
<b>EQUITY</b>		
Share capital	55,444	55,444
Reserves	10,628	10,633
Total equity attributable to owners of the Company	66,072	66,077
Non-controlling interests	(109)	(109)
<b>TOTAL EQUITY</b>	<u>65,963</u>	<u>65,968</u>
<b>Non-Current Liabilities:</b>		
Hire purchase payables	80	87
Deferred tax liabilities	65	65
	<u>145</u>	<u>152</u>
<b>Current Liabilities:</b>		
Trade and other payables	23,648	21,863
Hire purchase payables	27	26
Provision for taxation	18	-
	<u>23,693</u>	<u>21,889</u>
<b>TOTAL LIABILITIES</b>	<u>23,838</u>	<u>22,041</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>89,801</u>	<u>88,009</u>
Net assets per share (sen)	11.92	11.92

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017 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 THREE (3) MONTHS ENDED 30 JUNE 2017**

	(UNAUDITED) CURRENT PERIOD-TO-DATE 3 MONTHS ENDED 30 June 2017 RM'000	(UNAUDITED) CORRESPONDING PERIOD-TO-DATE 3 MONTHS ENDED 30 June 2016 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	183	529
Adjustments for non-cash items:		
Amortisation of other intangible assets	-	36
Depreciation of property and equipment	260	242
Depreciation of investment property	23	23
Impairment losses on receivables	-	54
Interest expense	1	2
Loss on disposal of other investment	-	169
Gain on disposal of equipment	*	(1)
Interest income	(123)	(126)
Reversal of impairment losses on receivables	(38)	(106)
Operating profit before changes in working capital	306	822
Net change in inventories	(587)	1,551
Net change in trade & other receivables	271	3,025
Net change in trade & other payables	1,785	(3,825)
Cash flow from operations	1,775	1,573
Income tax paid	(354)	(447)
Interest paid	(1)	(2)
Net cash from operating activities	1,420	1,124
<b>CASH FLOWS FROM/( FOR) INVESTING ACTIVITIES</b>		
Interest received	123	126
Proceeds from disposal of other investment	-	30
Proceeds from disposal of equipment	-	1
Repayment from lease receivable	-	12
Purchase of equipment	(7)	(500)
Net cash from/(for) investing activities	116	(331)
<b>NET CASH FOR FINANCING ACTIVITY</b>		
Repayment of hire purchase payables	(6)	(7)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,530	786
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	25,218	27,077
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	26,748	27,863

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 March 2017 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 2017
	RM'000
Short-term investments	13,964
Cash and bank balances	12,784
	26,748

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE (3) MONTHS ENDED 30 JUNE 2017**

	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Retained Profit/ (Accumulated Losses) RM'000	Attributable To Owners of the Company RM'000	Non- Controlling Interests RM'000	Total RM'000
<b>3 months ended 30 June 2016</b>							
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
<b>3 months ended 30 June 2017</b>							
Balance as at 1 April 2017	55,444	5,324	-	5,309	66,077	(109)	65,968
Loss after taxation for the 3 months ended 30 June 2017	-	-	-	(5)	(5)	*	(5)
Balance as at 30 June 2017	55,444	5,324	-	5,304	66,072	(109)	65,963

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 March 2017 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 30 JUNE 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 year ended 31 March 2017. 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 2017.

##### 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 March 2017 except for the adoption of the following:-

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

- Amendments to MFRS 107: Disclosure Initiative
- Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to MFRS Standards 2014-2016 Cycles:
  - Amendments to MFRS 12: Clarification of the Scope of Standard
- Annual Improvements to MFRS Standards 2014-2016 Cycles:
  - Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
  - Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

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

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

## Part A

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

#### A2. Changes in Accounting Policies (Cont’d)

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by MASB but are not yet effective for the current financial year:-

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
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- 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 140 – Transfers of Investment Property

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group 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.

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 distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of ‘distinct’ for the purposes of this accounting standard. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have an 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.

## **Part A**

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

#### **A3. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the audited financial statements for the financial year ended 31 March 2017 was not qualified.

#### **A4. Seasonality or Cyclicity of Operations**

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

#### **A5. 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.

#### **A6. Material Changes in Estimates**

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

#### **A7. 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.

#### **A8. 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)****A9. Operating Segments Information**

The Group business segments comprise the following:-

- (i) Information Technology (“IT”) and Information Communication Technology (“ICT”) division – involved in research and development, system network support, 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”);
- (ii) Property construction and its related business (“Construction Division”); and
- (iii) Investment holding (“Investment Holding Division”).

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

	IT and ICT Division RM'000	Construction Division RM'000	Investment Holding Division RM'000	The Group RM'000
<b>Current Year Quarter</b>				
<b>30 June 2017</b>				
<b>Revenue</b>				
External revenue	34,511	-	-	34,511
Inter-segment revenue	1	-	-	1
	<u>34,512</u>	<u>-</u>	<u>-</u>	<u>34,512</u>
Consolidation adjustment				(1)
Consolidated revenue				<u>34,511</u>
<b>Results</b>				
Segment results	693	(73)	(314)	306
Interest income	5	-	118	123
Reversal of impairment losses on receivables	38	-	-	38
Depreciation of property and equipment	(226)	(4)	(30)	(260)
Depreciation of investment property	(23)	-	-	(23)
Interest expense	(1)	-	-	(1)
Consolidated profit/(loss) before taxation	<u>486</u>	<u>(77)</u>	<u>(226)</u>	<u>183</u>
Income tax expense	(188)	-	-	(188)
Consolidated profit/(loss) after taxation	<u>298</u>	<u>(77)</u>	<u>(226)</u>	<u>(5)</u>
<b>Assets</b>				
Segment assets/Consolidated total assets	<u>44,745</u>	<u>23,963</u>	<u>21,093</u>	<u>89,801</u>
<b>Liabilities</b>				
Segment liabilities/Consolidated total liabilities	<u>23,652</u>	<u>41</u>	<u>145</u>	<u>23,838</u>

**Part A****Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134  
Interim Financial Reporting (Cont’d)****A9. Operating Segment Information (Cont’d)**

	IT and ICT Division RM'000	Construction Division RM'000	Investment Holding Division RM'000	The Group RM'000
<b>Preceding Year Corresponding Quarter 30 June 2016</b>				
<b>Revenue</b>				
External revenue	31,133	3,306	-	34,439
Inter-segment revenue	1	-	1,000	1,001
	<u>31,134</u>	<u>3,306</u>	<u>1,000</u>	<u>35,440</u>
Consolidation adjustments				(1,001)
Consolidated revenue				<u>34,439</u>
<b>Results</b>				
Segment results	622	615	(583)	654
Interest income	6	-	120	126
Reversal of impairment losses on receivables	106	-	-	106
Amortisation of other intangible assets	(36)	-	-	(36)
Depreciation of property and equipment	(196)	(4)	(42)	(242)
Depreciation of investment property	(23)	-	-	(23)
Impairment losses on receivables	(54)	-	-	(54)
Interest expense	(2)	-	-	(2)
	<u>423</u>	<u>611</u>	<u>(505)</u>	<u>529</u>
Consolidated (loss)/profit before taxation				
Income tax expense	(179)	(146)	-	(325)
	<u>244</u>	<u>465</u>	<u>(505)</u>	<u>204</u>
Consolidated (loss)/profit after taxation				
<b>Assets</b>				
Segment assets/Consolidated total assets	42,865	22,320	20,940	86,125
<b>Liabilities</b>				
Segment liabilities/Consolidated total liabilities	21,191	194	121	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)**

#### **A10. 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 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.

#### **A11. 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.

#### **A12. 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 2017 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

#### **A13. Capital Commitments**

There were no capital commitments as at 18 August 2017 (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)

#### A14. Related Party Transactions

The Group's related party transactions are as follows:

	Current Year Quarter 30 June 2017 RM'000	Preceding Year Corresponding Quarter 30 June 2016 RM'000	Cumulative Current Year To-date 30 June 2017 RM'000	Cumulative Preceding Corresponding Period 30 June 2016 RM'000
Rental of office premises charged by a company in which a director is a common director and has substantial financial interest	-	33	-	33
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	177	193	177	193
- defined contribution plans	21	23	21	23
- others	1	1	1	1
- fee	69	69	69	69

#### A15. 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		Changes %	Cumulative Period		Changes %
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	30.6.2017 RM'000	30.6.2016 RM'000		30.6.2017 RM'000	30.6.2016 RM'000	
<b>Revenue:-</b>						
IT and ICT Division	34,511	31,133	10.9	34,511	31,133	10.9
Construction Division	-	3,306	(100.0)	-	3,306	(100.0)
Investment Holding Division	-	-		-	-	
	<b>34,511</b>	<b>34,439</b>	<b>0.2</b>	<b>34,511</b>	<b>34,439</b>	<b>0.2</b>
<b>Profit/(Loss) before taxation ("PBT/(LBT)":-</b>						
IT and ICT division	486	423	14.9	486	423	14.9
Construction Division	(77)	611	(112.6)	(77)	611	(112.6)
Investment Holding Division	(226)	(505)	55.2	(226)	(505)	55.2
	<b>183</b>	<b>529</b>	<b>(65.4)</b>	<b>183</b>	<b>529</b>	<b>(65.4)</b>

**Overall Performance**

Overall, the Group's revenue has marginally increased by 0.2% due to the increase in revenue from IT and ICT Division. The reduction in revenue in Construction Division was due to there was no contract secured during the period under review and the temporarily cease of the managing contractor work for a period of one year from 11 May 2017 for the development project in Kemaman as requested by the customer.

This was also the main reason for the decrease in the Group's PBT when compare the current year quarter results with the one in preceding year corresponding quarter.

**IT and ICT Division**

The increase in revenue generated from IT and ICT Division was mainly derived from the improved sales for Do-It-Yourself ("DIY") products, accessories, gadgets and computers. This has led to the increase in PBT in IT and ICT Division.

**Construction Division**

As there was no contract secured in the current quarter and the temporarily ceased of the managing contractor work as mentioned above, no revenue recognised in this Division. The LBT in the current quarter was mainly due to the staff costs incurred in this Division.

## Part B

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

#### B1. Detailed Analysis of Overall Performance (Cont'd)

##### Investment Holding Division

The decrease in LBT was mainly due to the reduction in rental expenses and professional fees incurred in the current quarter. Higher LBT in the preceding year corresponding quarter was also due to the loss on disposal of other investment in that quarter.

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

	Current Quarter 30.6.2017 RM'000	Immediate Preceding Quarter 31.3.2017 RM'000	Changes %
<b>Revenue:-</b>			
IT and ICT Division	34,511	32,738	5.4
Construction Division	-	507	(100.0)
Investment Holding Division	-	-	
	<b>34,511</b>	<b>33,245</b>	<b>3.8</b>
<b>PBT/(LBT):-</b>			
IT and ICT Division	486	(498)	197.6
Construction Division	(77)	393	(119.6)
Investment Holding Division	(226)	(422)	46.4
	<b>183</b>	<b>(527)</b>	<b>134.7</b>

##### Overall Performance

The Group's revenue has increased by 3.8% due to the increase in revenue from IT and ICT Division. The reduction in revenue in Construction Division was due to the reasons as mentioned in B1 above. The overall increase in Group's PBT was mainly due to an impairment of intangible assets made in the immediate preceding quarter.

##### IT and ICT Division

The increase in revenue was mainly due to better sales for Do-It-Yourself ("DIY") products. This has contributed to the PBT in the current quarter coupled with the impairment of intangible assets made of RM750,000 in the immediate preceding quarter, have turnaround the LBT in this Division to a PBT.

##### Construction Division

The revenue recognised in the immediate preceding quarter was in respect of the managing contractor work performed for the project in Kemaman. The LBT in the current quarter was mainly due to the staff costs incurred in this Division.

## **Part B**

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

#### **B2. Comments on Material Changes in the Profit/(Loss) Before Taxation for the Quarter Reported as Compared with the Immediate Preceding Quarter (Cont'd)**

##### Investment Holding Division

The decrease in LBT was mainly due to the reduction in staff costs, rental and office expenses in the current quarter.

#### **B3. Commentary on Prospects**

Looking at the current economic sentiment, the IT and general ICT market will continue to be challenging. While profits were made in this quarter, there is no sure way to ensure this trend will sustain until the last quarter. However, the Group is taking appropriate and experimental initiative to ensure higher revenue such as expanding our products offering and enhancing customers' satisfaction for loyalty retention. In addition, we negotiate contracts with vendors and suppliers to warrant better terms and conditions.

The Group's Construction Division has been suffering a loss due to postponement of the Kemaman project which has temporarily affected the overall Group's performance. Despite that, the Group is actively pursuing new projects and opportunities. The warehouse construction project has commenced in August 2017 and it is expected that it will contribute positively to the Group over the duration of the contract.

The major part of our revenue is dependent on general well-being of retail or consumer spending and as such, our revenue is expected to fluctuate in accordance therewith. Therefore, the management expects that the overall outlook for the Group's performance for the current financial year will be challenging but will strive for better performance by continuing to look at areas of growth in our 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 may include diversifying our income stream.

#### **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.

## Part B

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

#### B5. Tax Expense

The tax expense is as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Current tax expense:				
- For the current financial period	(188)	(290)	(188)	(290)
Deferred tax expense:				
- Current deferred tax	-	(20)	-	(20)
- Underprovision in the previous financial period	-	(15)	-	(15)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	(35)	-	(35)
	<hr/>	<hr/>	<hr/>	<hr/>
	(188)	(325)	(188)	(325)
	<hr/>	<hr/>	<hr/>	<hr/>

#### B6. Status of Corporate Proposals

There were no corporate proposals as at 18 August 2017 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) pending for completion, save for following:-

On 25 July 2017, the Board has announced that the Company proposed to further vary the utilisation of proceeds raised from the rights issue which was completed on 19 January 2012.

An Extraordinary General Meeting for the shareholders of SKH will be held on 25 August 2017 to seek for approval to redeploy part of the proceeds amounting to RM4.23 million raised from the rights issue and subsequent redeployed for a development project in Terengganu pursuant to the 1<sup>st</sup> variation, to be utilised for working capital requirements for other construction projects.



**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 30.6.2017	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>	-	-	N1
Expansion of existing business	9,782	9,782	Within 24 months <sup>(i)</sup>	-	-	
Working capital requirements for the projects in Kemaman	5,000	755	Within 18 months <sup>(ii)</sup>	4,245	84.9	
Future projects in the property industry	7,000	7,000	Within 24 months <sup>(ii)</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>27,017</b>				

N1 Pending utilisation. The Board has, on 25 July 2017, announced that the Company proposed to further vary the utilisation of this part of proceeds. Please refer to B6 for details.

- (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 the announcement on the redeployment of this part of proceeds i.e. 27 November 2015.

**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 30.6.2017 RM'000	As at 30.6.2016 RM'000
<b>Current - unsecured</b>		
Hire purchase payables - payables within 12 months	27	25
<b>Non-current - unsecured</b>		
Hire purchase payables - payables after 12 months	80	108
	<hr/> 107	<hr/> 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.

**Part B****Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B11. (Loss)/Earnings per Share**

The basic (loss)/earnings 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	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
(Loss)/ Profit after taxation attributable to the owners of the Company (RM'000)	(5)	207	(5)	207
Weighted average number of ordinary shares in issue	554,441,745	554,441,745	554,441,745	554,441,745
Basic (loss)/earnings per share (sen)	*	0.04	*	0.04
Diluted (loss)/earnings per share (sen)	*	0.04	*	0.04

Note:-

\* - loss per share less than 0.01sen

**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 Year Quarter	Preceding Year Corresponding Quarter	Cummulative Period Curent Year To-date	Cumulative Period Preceding Year Corresponding Period
	30.6.2017 RM'000	30.6.2016 RM'000	30.6.2017 RM'000	30.6.2016 RM'000
Interest income	123	126	123	126
Other income	-	-	-	-
Interest expense	1	2	1	2
Depreciation of property and equipment	260	242	260	242
Depreciation of investment property	23	23	23	23
Amortisation of other intangible assets	-	36	-	36
Impairment losses on receivables	-	54	-	54
Reversal of impairment losses on receivables	38	106	38	106
Provision for and write off of inventories	-	-	-	-
Gain on disposal of equipment	*	1	*	1
Loss on disposal of other investment	-	169	-	169
Gain or loss on disposal of quoted or	-	-	-	-
Impairment of assets	-	-	-	-
Unrealised gain on foreign exchange	-	-	-	-
Realised gain on foreign exchange	-	73	-	73
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

Note:-

\* - Amount less than RM1,000

**Part B****Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B13. Disclosure of Realised and Unrealised Profits or Losses**

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

	As at 30.6.2017 RM'000	As at 31.3.2017 RM'000
Total accumulated profit/(loss) of the Group:		
- realised	(9,841)	217
- unrealised	-	-
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	(9,841)	217
Less: Consolidation Adjustments	15,145	5,092
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	5,304	5,309
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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 2017.