



SKH CONSORTIUM BERHAD

# **SKH CONSORTIUM BERHAD**

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

**Year 2018**

**Quarterly Announcement**

**For The Quarter Ended 31 December 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 DECEMBER 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31 December 2017 (Unaudited) RM'000	31 December 2016 (Unaudited) RM'000	31 December 2017 (Unaudited) RM'000	31 December 2016 (Unaudited) RM'000
Revenue	43,689	35,235	113,428	103,310
Direct costs	(38,454)	(30,839)	(100,822)	(90,834)
Gross profit	<u>5,235</u>	<u>4,396</u>	<u>12,606</u>	<u>12,476</u>
Other income	166	396	520	971
	<u>5,401</u>	<u>4,792</u>	<u>13,126</u>	<u>13,447</u>
Operating expenses	(8,399)	(3,657)	(15,315)	(11,015)
Finance costs	(1)	(1)	(3)	(5)
(Loss)/Profit before taxation	<u>(2,999)</u>	<u>1,134</u>	<u>(2,192)</u>	<u>2,427</u>
Income tax expense	(392)	(294)	(792)	(979)
(Loss)/Profit after taxation/ Total comprehensive (expenses)/income	<u>(3,391)</u>	<u>840</u>	<u>(2,984)</u>	<u>1,448</u>
(Loss)/Profit after taxation attributable to:-				
Owners of the Company	(3,391)	836	(2,984)	1,439
Non-controlling interests	*	4	*	9
	<u>(3,391)</u>	<u>840</u>	<u>(2,984)</u>	<u>1,448</u>
Total comprehensive (expenses)/income attributable to:				
Owners of the Company	(3,391)	836	(2,984)	1,439
Non-controlling interests	*	4	*	9
	<u>(3,391)</u>	<u>840</u>	<u>(2,984)</u>	<u>1,448</u>
(Loss)/Earning per share [(LPS)/EPS] (in sen)				
Basic (LPS)/EPS	(0.61)	0.15	(0.54)	0.26
Diluted (LPS)/EPS	(0.61)	0.15	(0.54)	0.26

Note:-

\* - Amount less than RM1,000

(The Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 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 31 DECEMBER 2017**

	<u>(UNAUDITED)</u>	<u>(AUDITED)</u>
	As at	As at
	31 December 2017	31 March 2017
	RM'000	RM'000
<b>ASSETS:</b>		
<b>Non-Current Assets:</b>		
Property and equipment	8,595	9,337
Investment properties	6,228	1,337
Trade receivable	-	2,432
Goodwill on consolidation	5,764	5,764
	<u>20,587</u>	<u>18,870</u>
<b>Current Assets:</b>		
Inventories	18,884	17,386
Trade and other receivables	23,735	25,221
Amount due by contract customer	10	-
Tax refundable	1,587	1,314
Short-term investments	15,723	13,846
Cash and bank balances	10,508	11,372
	<u>70,447</u>	<u>69,139</u>
<b>TOTAL ASSETS</b>	<u>91,034</u>	<u>88,009</u>
<b>EQUITY AND LIABILITIES:</b>		
<b>EQUITY</b>		
Share capital	55,444	55,444
Reserves	7,649	10,633
Total equity attributable to owners of the Company	63,093	66,077
Non-controlling interests	(109)	(109)
<b>TOTAL EQUITY</b>	<u>62,984</u>	<u>65,968</u>
<b>Non-Current Liabilities:</b>		
Hire purchase payables	66	87
Deferred tax liabilities	65	65
	<u>131</u>	<u>152</u>
<b>Current Liabilities:</b>		
Trade and other payables	27,743	21,863
Hire purchase payables	26	26
Provision for taxation	150	-
	<u>27,919</u>	<u>21,889</u>
<b>TOTAL LIABILITIES</b>	<u>28,050</u>	<u>22,041</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>91,034</u>	<u>88,009</u>
<b>Net assets per share (sen)</b>	11.38	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 NINE (9) MONTHS ENDED 31 DECEMBER 2017**

	(UNAUDITED)	(UNAUDITED)
	CURRENT	CORRESPONDING
	PERIOD-TO-DATE	PERIOD-TO-DATE
	9 MONTHS	9 MONTHS
	ENDED	ENDED
Note	31 December 2017	31 December 2016
	RM'000	RM'000
<b>CASH FLOW FROM/(FOR) OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(2,192)	2,427
Adjustments for non-cash items:		
Amortisation of other intangible assets	-	107
Depreciation of property and equipment	753	707
Depreciation of investment properties	79	70
Impairment losses on receivables	4,766	47
Interest expense	3	5
Loss on disposal of other investment	-	169
Gain on disposal of equipment	*	(121)
Interest income	(391)	(375)
Reversal of impairment losses on receivables	(55)	(293)
Operating profit before changes in working capital	<u>2,963</u>	<u>2,743</u>
Net change in inventories	(1,498)	(654)
Net change in trade & other receivables	(5,593)	(778)
Net change in amount due by contract customer	(10)	-
Net change in trade & other payables	5,880	(1,876)
Cash flow from/(for) operations	<u>1,742</u>	<u>(565)</u>
Income tax paid	(915)	(1,058)
Interest paid	(3)	(5)
<b>Net cash from/(for) operating activities</b>	<u>824</u>	<u>(1,628)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	391	375
Proceeds from disposal of other investment	-	30
Proceeds from disposal of property and equipment	-	1,319
Repayment from lease receivable	-	164
Purchase of investment properties	(170)	-
Purchase of equipment	(11)	(653)
<b>Net cash from/(for) investing activities</b>	<u>210</u>	<u>1,235</u>
<b>NET CASH FOR FINANCING ACTIVITY</b>		
Repayment of hire purchase payables	(21)	(19)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>1,013</u>	<u>(412)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<u>25,218</u>	<u>27,077</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<u><u>26,231</u></u>	<u><u>26,665</u></u>

Note:-

\* - Amount less than RM1,000

31 December 2017  
RM'000

**Note 1**

**Purchase of Investment Properties:**

Cost of investment properties	4,970
Debt settled via contra with properties	(4,800)
Cash disbursed for purchase of investment properties	<u>170</u>

**Note 2**

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

Short-term investments	15,723
Cash and bank balances	10,508
	<u>26,231</u>

(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.)

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE (9) MONTHS ENDED 31 DECEMBER 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>9 months ended 31 December 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 9 months ended 31 December 2016	-	-	-	1,439	1,439	9	1,448
Balance as at 31 December 2016	55,444	5,324	10,052	(4,855)	65,965	(102)	65,863
<b>9 months ended 31 December 2017</b>							
Balance as at 1 April 2017	55,444	5,324	-	5,309	66,077	(109)	65,968
Loss after taxation for the 9 months ended 31 December 2017	-	-	-	(2,984)	(2,984)	*	(2,984)
Balance as at 31 December 2017	55,444	5,324	-	2,325	63,093	(109)	62,984

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 31 DECEMBER 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 except for 55,444,100 new ordinary shares in SKH were issued and allotted and listed on 24 January 2018 pursuant to the private placement that announced on 10 November 2017 .

#### **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 quarter ended 31 December 2017</b>				
<b>Revenue</b>				
External revenue	38,736	4,953	-	43,689
Inter-segment revenue	1	-	-	1
	<u>38,737</u>	<u>4,953</u>	<u>-</u>	<u>43,690</u>
Consolidation adjustments				(1)
Consolidated revenue				<u>43,689</u>
<b>Results</b>				
Segment results	1,646	690	(435)	1,901
Interest income	5	-	137	142
Depreciation of property and equipment	(224)	(4)	(19)	(247)
Depreciation of investment properties	(23)	-	(5)	(28)
Impairment losses on receivables	-	(4,766)	-	(4,766)
Interest expense	(1)	-	-	(1)
	<u>1,403</u>	<u>(4,080)</u>	<u>(322)</u>	<u>(2,999)</u>
Consolidated profit/(loss) before taxation				
Income tax expense	(216)	(175)	(1)	(392)
	<u>1,187</u>	<u>(4,255)</u>	<u>(323)</u>	<u>(3,391)</u>
Consolidated profit/(loss) after taxation				
<b>Assets</b>				
Segment assets/Consolidated total assets	47,390	19,056	24,588	<u>91,034</u>
<b>Liabilities</b>				
Segment liabilities/Consolidated total liabilities	27,000	903	147	<u>28,050</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>Current quarter ended 31 December 2016</b>				
<b>Revenue</b>				
External revenue	34,729	506	-	35,235
	1	-	-	1
Consolidation adjustments	34,730	506	-	35,236
Consolidated revenue				(1)
				<u>35,235</u>
<b>Results</b>				
Segment results	1,030	438	(404)	1,064
Interest income	4	-	118	122
Gain on disposal of property and equipment	119	-	-	119
Reversal of impairment losses on receivables	113	-	-	113
Amortisation of other intangible assets	(35)	-	-	(35)
Depreciation of property and equipment	(197)	(4)	(23)	(224)
Depreciation of investment property	(24)	-	-	(24)
Interest expense	(1)	-	-	(1)
Consolidated profit/(loss) before taxation	1,009	434	(309)	1,134
Income tax expense	(191)	(103)	-	(294)
Consolidated profit/(loss) after taxation	818	331	(309)	840
<b>Assets</b>				
Segment assets/Consolidated total assets	43,464	23,994	22,032	<u>89,490</u>
<b>Liabilities</b>				
Segment liabilities/Consolidated total liabilities	23,126	368	133	<u>23,627</u>

The Group operates principally in Malaysia.

## **Part A**

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

#### **A10. Significant Event During The Interim Period**

On 7 December 2018, Super Kian Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, as advised by its advocates and solicitors, has on 7 December 2017, via its advocates and solicitors, issued a Notice Pursuant to Section 465 of the Companies Act 2016 to Total Merit Sdn Bhd to demand for a sum of RM4,766,083.58 (“the Debt”).

The Group has made an impairment of the trade receivable equivalent to the amount of the Debt upon issuance of the Notice during the quarter under review.

#### **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 21 February 2018, 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 as disclosed in Note A7.

#### **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 21 February 2018 (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 21 February 2018 (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 are as follows:

	Current Year Quarter 31 December 2017 RM'000	Preceding Year Corresponding Quarter 31 December 2016 RM'000	Cumulative Current Year To-date 31 December 2017 RM'000	Cumulative Preceding Corresponding Period 31 December 2016 RM'000
Professional services rendered by a company in which a director is a common director and has substantial financial interest	-	-	16	10
Rental of office premises charged by a company in which a director is a common director and has substantial financial interest	-	33	-	100
Rental of office premises charged to a company in which a director is a common director	15	-	45	-
Rental of office premises charged to a company in which a director is a common director and has substantial financial interest	1	-	2	-
Subscription fee charged to a company in which a director is a common director	4	-	4	-
Key management personnel:-				
- salaries and allowances	165	192	490	579
- defined contribution plans	19	23	58	69
- others	1	1	2	2
- fee	63	68	195	206

#### 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		Changes %	Cumulative Period		Changes %
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	31.12.2017 RM'000	31.12.2016 RM'000		31.12.2017 RM'000	31.12.2016 RM'000	
<b>Revenue:-</b>						
IT and ICT Division	38,736	34,729	11.5	108,475	96,742	12.1
Construction Division	4,953	506	878.9	4,953	6,568	(24.6)
Investment Holding Division	-	-		-	-	
	<b>43,689</b>	<b>35,235</b>	<b>24.0</b>	<b>113,428</b>	<b>103,310</b>	<b>9.8</b>
<b>Profit/(Loss) before taxation ("PBT/(LBT)"):-</b>						
IT and ICT division	1,403	1,009	39.0	2,874	1,962	46.5
Construction Division	(4,080)	434	(1040.1)	(4,211)	1,672	(351.9)
Investment Holding Division	(322)	(309)	(4.2)	(855)	(1,207)	29.2
	<b>(2,999)</b>	<b>1,134</b>	<b>(364.5)</b>	<b>(2,192)</b>	<b>2,427</b>	<b>(190.3)</b>

#### Overall Performance

Overall, the Group's revenue for the current quarter as compared to the immediate preceding quarter has increased due to the increase in revenue from IT and ICT Division and Construction Division. The increase in revenue in the IT and ICT Division was mainly derived from the higher sales of Do-It-Yourself ("DIY") products. Whereas, the increase in revenue in Construction Division was as a result of progress billings made on warehouse construction.

Despite the increase in revenue, the Group recorded a LBT in the current quarter mainly due to the impairment loss on a trade receivable of approximately of RM4.8 million in Construction Division pursuant to a notice issued to the trade receivable on 7 December 2017 demanding for a sum owing to a wholly-owned subsidiary of the Group.

#### IT and ICT Division

The increase in revenue from IT and ICT Division for the current year to-date as compared to the preceding year corresponding period was mainly due to 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

The revenue recognised the current year to-date was lower as compared to the preceding year corresponding period due to the fact that there is currently only one ongoing project while the other projects undertaken have been completed. The LBT in the current year to-date was mainly due to the impairment loss on the trade receivable as mentioned above.

## 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 increase in LBT in the current quarter as compared to the immediate preceding quarter was mainly due to the higher operating expenses. Lower LBT in the current year to-date was mainly due to the loss on disposal of other investment in the preceding year corresponding period.

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

	Current Quarter 31.12.2017 RM'000	Immediate Preceding Quarter 30.9.2017 RM'000	Changes %
<b>Revenue:-</b>			
IT and ICT Division	38,736	35,228	10.0
Construction Division	4,953	-	100.0
Investment Holding Division	-	-	-
	<b>43,689</b>	<b>35,228</b>	<b>24.0</b>
<b>PBT/(LBT):-</b>			
IT and ICT Division	1,403	984	42.6
Construction Division	(4,080)	(53)	7981.1
Investment Holding Division	(322)	(307)	4.9
	<b>(2,999)</b>	<b>624</b>	<b>580.6</b>

##### Overall Performance

Overall, the Group's revenue for the current quarter as compared to the immediate preceding quarter has increased due to the increase in revenue from IT and ICT Division and Construction Division. The increase in revenue in the IT and ICT Division was mainly derived from the higher sales of Do-It-Yourself ("DIY") products. Whereas, the increase in revenue in Construction Division was as a result of progress billings made on warehouse construction.

Despite the increase in revenue, the Group recorded a LBT in the current quarter mainly due to the impairment loss on a trade receivable of approximately of RM4.8 million in Construction Division pursuant to a notice issued to the trade receivable on 7 December 2017 demanding for a sum owing to a wholly-owned subsidiary of the Group.

##### 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 higher PBT in the current quarter.

##### Construction Division

The higher LBT in the current quarter as compared to the immediate preceding quarter was mainly due to the impairment loss on the trade receivable as mentioned above.

## **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 increase in LBT in the current quarter as compared to the immediate preceding quarter was mainly due to the higher operating expenses.

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

Looking at the current economic sentiment, we foresee that the IT and general IT market will remain profitability but continue to be challenging.

The Group's Construction Division has been suffering a loss due to postponement of the Kemaman project which has temporarily slowed down the Group's performance in this Division.

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 to be challenging. 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 THREE MONTHS ENDED		CUMULATIVE QUARTER NINE MONTHS ENDED	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Current tax expense:				
- For the current financial period	(392)	(294)	(792)	(944)
Deferred tax expense:				
- For the current financial period	-	-	-	(20)
- Underprovision in the previous financial period	-	-	-	(15)
	-	-	-	(35)
	(392)	(294)	(792)	(979)

#### B6. Status of Corporate Proposals

Following the listing of 55,444,100 new ordinary shares in SKH on 24 January 2018 that were issued and allotted pursuant to the private placement announced on 10 November 2017, it marked the completion of the private placement.

There were no corporate proposals as at 21 February 2018 (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 31.12.2017	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	770	770	Within 18 months <sup>(ii)</sup>	-	-	
- other construction projects	4,230	3,309	Within 18 months <sup>(iii)</sup>	921	21.8	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>30,342</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 the announcement on the redeployment of this part of proceeds i.e. 27 November 2015.
- (iii) The timeframe is computed from the date of the announcement on the redeployment of this part of proceeds i.e. 25 July 2017.

## Part B

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

#### B8. Details of Group Borrowings and Debt Securities

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

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
<b>Current - unsecured</b>		
Hire purchase payables - payables within 12 months	26	26
<b>Non-current - unsecured</b>		
Hire purchase payables - payables after 12 months	66	95
	<hr/>	<hr/>
	92	121

#### 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. Changes in Material Litigation

The Directors were not aware of any material litigation, which, if enforced, may have a material impact on the profit or net asset value of the Group.

#### B11. 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)

#### B12. (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
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
(Loss)/Profit after taxation attributable to the owners of the Company (RM'000)	(3,391)	836	(2,984)	1,439
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)	(0.61)	0.15	(0.54)	0.26
Diluted (loss)/earnings per share (sen)	(0.61)	0.15	(0.54)	0.26

**Part B****Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B13. Notes to the Statement of Profit or Loss and Other Comprehensive Income**

	Current Year Quarter	Preceding Year Corresponding Quarter	Cumulative Period Curent Year To-date	Cumulative Period Preceding Year Corresponding Period
	31.12.2017 RM000	31.12.2016 RM000	31.12.2017 RM000	31.12.2016 RM000
Interest income	142	122	391	375
Other income	-	-	-	-
Interest expense	1	1	3	5
Depreciation of property and equipment	247	224	753	707
Depreciation of investment properties	28	24	79	70
Amortisation of other intangible assets	-	35	-	107
Impairment losses on receivables	4,766	-	4,766	47
Reversal of impairment losses on receivables	-	113	55	293
Provision for and write off of inventories	-	-	-	-
Gain on disposal of equipment	-	119	*	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	-	-	-	-

Note:-

\* - Amount less than RM1,000

## Part B

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

#### B14. 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 31.12.2017 RM'000	As at 31.3.2017 RM'000
Total accumulated profit/(loss) of the Group:		
- realised	(1,067)	217
- unrealised	-	-
	<hr/>	<hr/>
	(1,067)	217
Less: Consolidation Adjustments	3,392	5,092
	<hr/>	<hr/>
	2,325	5,309
	<hr/>	<hr/>

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.

#### B15. 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 28 February 2018.