



SKH CONSORTIUM BERHAD

SKH CONSORTIUM BERHAD

(Company No. 383028-D)

(Incorporated in Malaysia)

Year 2018

Quarterly Announcement

For The Quarter Ended 31 March 2018

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 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To- date	Preceding Year Corresponding Period
	<u>31 March 2018</u> (Unaudited) RM'000	<u>31 March 2017</u> (Unaudited) RM'000	<u>31 March 2018</u> (Unaudited) RM'000	<u>31 March 2017</u> (Unaudited) RM'000
Revenue	41,081	33,245	154,509	136,555
Direct costs	(37,494)	(29,464)	(138,316)	(120,298)
Gross profit	<u>3,587</u>	<u>3,781</u>	<u>16,193</u>	<u>16,257</u>
Other income	136	343	656	1,314
	<u>3,723</u>	<u>4,124</u>	<u>16,849</u>	<u>17,571</u>
Operating expenses	245	(4,650)	(15,070)	(15,665)
Finance costs	(1)	(1)	(4)	(6)
Profit/(Loss) before taxation	<u>3,967</u>	<u>(527)</u>	<u>1,775</u>	<u>1,900</u>
Income tax expense	(211)	632	(1,003)	(347)
Profit after taxation	<u>3,756</u>	<u>105</u>	<u>772</u>	<u>1,553</u>
Total comprehensive income	<u>3,756</u>	<u>105</u>	<u>772</u>	<u>1,553</u>
Profit after taxation attributable to:-				
Owners of the Company	3,755	112	771	1,551
Non-controlling interests	1	(7)	1	2
	<u>3,756</u>	<u>105</u>	<u>772</u>	<u>1,553</u>
Total comprehensive income attributable to:				
Owners of the Company	3,755	112	771	1,551
Non-controlling interests	1	(7)	1	2
	<u>3,756</u>	<u>105</u>	<u>772</u>	<u>1,553</u>
Earning per share [EPS] (in sen)				
Basic EPS	0.63	0.02	0.14	0.28
Diluted EPS	0.63	0.02	0.14	0.28

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 MARCH 2018

	<u>(UNAUDITED)</u>	<u>(AUDITED)</u>
	As at 31 March 2018	As at 31 March 2017
	RM'000	RM'000
ASSETS:		
Non-Current Assets:		
Property and equipment	8,349	9,337
Investment properties	14,293	1,337
Trade receivable	7,574	2,432
Goodwill on consolidation	5,764	5,764
	<u>35,980</u>	<u>18,870</u>
Current Assets:		
Inventories	18,028	17,386
Trade and other receivables	23,404	25,221
Tax refundable	1,515	1,314
Short-term investments	9,932	13,846
Cash and bank balances	11,848	11,372
	<u>64,727</u>	<u>69,139</u>
TOTAL ASSETS	<u>100,707</u>	<u>88,009</u>
EQUITY AND LIABILITIES:		
EQUITY		
Share capital	59,880	55,444
Reserves	11,321	10,633
Total equity attributable to owners of the Company	71,201	66,077
Non-controlling interests	(108)	(109)
TOTAL EQUITY	<u>71,093</u>	<u>65,968</u>
Non-Current Liabilities:		
Hire purchase payables	58	87
Deferred tax liabilities	65	65
	<u>123</u>	<u>152</u>
Current Liabilities:		
Trade and other payables	28,614	21,863
Amount due to contract customer	849	-
Hire purchase payables	28	26
	<u>29,491</u>	<u>21,889</u>
TOTAL LIABILITIES	<u>29,614</u>	<u>22,041</u>
TOTAL EQUITY AND LIABILITIES	<u>100,707</u>	<u>88,009</u>
Net assets per share (sen)	11.67	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 CHANGES IN EQUITY
FOR THE TWELVE (12) MONTHS ENDED 31 MARCH 2018**

	Share Capital	Share Premium	Warrant Reserve	Retained Profits/ (Accumulated Losses)	Attributable To Owners of the Company	Non- Controlling Interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months ended 31 March 2017							
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	55,444	5,324	-	5,309	66,077	(109)	65,968
12 months ended 31 March 2018							
Balance as at 1 April 2017	55,444	5,324	-	5,309	66,077	(109)	65,968
Issuance of ordinary shares pursuant to private placement	4,436	(83)	-	-	4,353	-	4,353
Profit after taxation for the 12 months ended 31 March 2018	-	-	-	771	771	1	772
Balance as at 31 March 2018	59,880	5,241	-	6,080	71,201	(108)	71,093

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE TWELVE (12) MONTHS ENDED 31 MARCH 2018

	(UNAUDITED)	(UNAUDITED)
	CURRENT	CORRESPONDING
	PERIOD-TO-DATE	PERIOD-TO-DATE
	12 MONTHS	12 MONTHS
	ENDED	ENDED
	31 March 2018	31 March 2017
Note	RM'000	RM'000
CASH FLOW FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	1,775	1,900
Adjustments for non-cash items:		
Amortisation of other intangible assets	-	143
Depreciation of property and equipment	999	992
Depreciation of investment properties	132	94
Impairment losses on receivables	14	103
Impairment of intangible assets	-	750
Interest expense	4	6
Loss on disposal of other investment	-	169
Gain on disposal of equipment	*	(121)
Interest income	(506)	(496)
Reversal of impairment losses on receivables	(55)	(471)
Operating profit before changes in working capital	2,363	3,069
Net change in inventories	(642)	347
Net change in trade & other receivables	(8,084)	(1,337)
Net change in trade & other payables	6,751	(3,115)
Net change in amount due to contract customer	849	-
Cash flow from/(for) operations	1,237	(1,036)
Income tax paid	(1,285)	(1,523)
Income tax refunded	81	-
Interest paid	(4)	(6)
Net cash from/(for) operating activities	29	(2,565)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Interest received	506	496
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	(8,288)	-
Purchase of equipment	(11)	(1,276)
Net cash (for)/from investing activities	(7,793)	733
CASH FROM/(FOR) FINANCING ACTIVITIES		
Repayment of hire purchase payables	(27)	(27)
Private placement fund, net of expenses	4,353	-
Net cash from/(for) financing activities	4,326	(27)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,438)	(1,859)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	25,218	27,077
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	21,780	25,218

Note:-

* - Amount less than RM1,000

Note 1

Purchase of Investment Properties:

	31 March 2018
	RM'000
Cost of investment properties	(13,088)
Debts settled via contra with properties	4,800
Cash disbursed for purchase of investment properties	(8,288)

Note 2

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

Short-term investments	9,932
Cash and bank balances	11,848
	21,780

(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 (“SKH” or “the Company”)

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2018

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 year 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 Cyclicalality 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.

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
Current quarter ended 31 March 2018				
Revenue				
External revenue	38,153	2,928	-	41,081
Inter-segment revenue	1	-	-	1
	<u>38,154</u>	<u>2,928</u>	<u>-</u>	<u>41,082</u>
Consolidation adjustments				(1)
Consolidated revenue				<u>41,081</u>
Results				
Segment results	599	(797)	(402)	(600)
Interest income	5	-	110	115
Reversal of impairment losses on receivables	-	4,766	-	4,766
Depreciation of property and equipment	(223)	(4)	(19)	(246)
Depreciation of investment properties	(30)	-	(23)	(53)
Impairment losses on receivables	(14)	-	-	(14)
Interest expense	(1)	-	-	(1)
Consolidated profit/(loss) before taxation	<u>336</u>	<u>3,965</u>	<u>(334)</u>	<u>3,967</u>
Income tax expense	(318)	107	-	(211)
Consolidated profit/(loss) after taxation	<u>18</u>	<u>4,072</u>	<u>(334)</u>	<u>3,756</u>
Assets				
Segment assets/Consolidated total assets	54,145	27,603	18,959	<u>100,707</u>
Liabilities				
Segment liabilities/Consolidated total liabilities	26,531	2,919	164	<u>29,614</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
Current quarter ended 31 March 2017				
Revenue				
External revenue	32,738	507	-	33,245
	1	-	-	1
	<u>32,739</u>	<u>507</u>	<u>-</u>	<u>33,246</u>
Consolidation adjustments				(1)
Consolidated revenue				<u>33,245</u>
Results				
Segment results	399	397	(470)	326
Interest income	5	-	116	121
Reversal of impairment losses on receivables	178	-	-	178
Amortisation of other intangible assets	(36)	-	-	(36)
Depreciation of property and equipment	(214)	(4)	(67)	(285)
Depreciation of investment properties	(24)	-	-	(24)
Impairment on intangible assets	(750)	-	-	(750)
Impairment losses on receivables	(56)	-	-	(56)
Interest expense	(1)	-	-	(1)
Consolidated (loss)/profit before taxation	<u>(499)</u>	<u>393</u>	<u>(421)</u>	<u>(527)</u>
Income tax expense	300	332	-	632
Consolidated (loss)/profit after taxation	<u>(199)</u>	<u>725</u>	<u>(421)</u>	<u>105</u>
Assets				
Segment assets/Consolidated total assets	42,640	24,440	20,929	<u>88,009</u>
Liabilities				
Segment liabilities/Consolidated total liabilities	21,849	61	131	<u>22,041</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. 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 28 May 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 follows:

- (i) Reference is made to the earlier announcements on 7 December 2017, 25 April 2018 and 28 May 2018. The amounts due by Total Merit Sdn Bhd ("TMSB") to Super Kian Holdings Sdn Bhd ("SKHSB"), a wholly-owned subsidiary of the Company, under the Managing Contractor Agreement ("MCA") dated 7 September 2015 and the Letter of Award dated 25 February 2016 totalled to RM4,766,083.58 have been fully recovered. As such, the Group has reversed the impairment loss of the trade receivable of RM4,766,083.58, which was made in the third quarter ended 31 December 2017, in the current quarter.
- (ii) On 4 May 2018, the Board of Directors of SKH has announced that SKHSB had on 4 May 2018 entered into a Deed of Mutual Termination with TMSB ("the Deed") in which both parties have mutually agreed to terminate the MCA. TMSB agreed to release SKHSB from the due performance and observance of all its obligations and covenants under the MCA and SKHSB likewise released TMSB from the due performance and observance of its obligations and covenants under the MCA. TMSB will refund the performance bond of RM12 million within 90 days from the date of the Deed or such other date as may be agreed between the parties. TMSB shall fully indemnify SKHSB and keep SKHSB indemnified against any monies which have been paid by SKHSB and any costs incurred pursuant to the MCA.

A11. Changes in the Composition of the Group

There were no 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 28 May 2018 (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 28 May 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)

A14. Related Party Transactions

The Group's related party transactions are as follows:

	Current Year Quarter 31 March 2018 RM'000	Preceding Year Corresponding Quarter 31 March 2017 RM'000	Cumulative Current Year To-date 31 March 2018 RM'000	Cumulative Preceding Corresponding Period 31 March 2017 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	-	11	-	111
Rental of office premises charged to a company in which a director is a common director	10	-	55	-
Rental of office premises charged to a company in which a director is a common director and has substantial financial interest	-	1	2	1
Subscription fee for accounting charged to a company in which a director is a common director	4	-	8	-
Key management personnel:-				
- salaries and allowances	179	192	669	771
- defined contribution plans	21	23	79	92
- others	*	1	2	2
- fee	63	72	258	278

Note:-

* - Amount less than RM1,000.

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	
	31.3.2018 RM'000	31.3.2017 RM'000		31.3.2018 RM'000	31.3.2017 RM'000	
Revenue:-						
IT and ICT Division	38,153	32,738	16.5	146,628	129,480	13.2
Construction Division	2,928	507	477.5	7,881	7,075	11.4
Investment Holding Division	-	-		-	-	
	41,081	35,245	16.6	154,509	136,555	13.1
Profit/(Loss) before taxation ("PBT/(LBT)"):-						
IT and ICT division	336	(499)	167.3	3,210	1,463	119.4
Construction Division	3,965	393	908.9	(246)	2,065	(111.9)
Investment Holding Division	(334)	(421)	20.7	(1,189)	(1,628)	27.0
	3,967	(527)	852.8	1,775	1,900	(6.6)

Overall Performance

Overall, the Group's revenue for the current quarter as compared to the preceding year corresponding 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 contract revenue recognised on warehouse construction.

The Group recorded a PBT in the current quarter mainly due to the reversal of impairment loss on the trade receivable of approximately of RM4.8 million made in the previous quarter in Construction Division and higher revenue from IT and ICT Division.

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. This has led to the increase in PBT in IT and ICT Division.

Construction Division

The revenue recognised the current year to-date was higher as compared to the preceding year corresponding period due to the contract revenue recognised on warehouse construction. The LBT in the current year to-date was mainly due to the lower gross profit margin from the warehouse construction works as compared to the construction works carried out in the preceding year corresponding period.

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 in the current quarter as compared to the preceding year corresponding quarter was mainly due to the lower 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 31.3.2018 RM'000	Immediate Preceding Quarter 31.12.2017 RM'000	Changes %
Revenue:-			
IT and ICT Division	38,153	38,736	(1.5)
Construction Division	2,928	4,953	(40.9)
Investment Holding Division	-	-	-
	41,081	43,689	(6.0)
PBT/(LBT):-			
IT and ICT Division	336	1,403	(76.1)
Construction Division	3,965	(4,080)	197.2
Investment Holding Division	(334)	(322)	(3.7)
	3,967	(2,999)	232.3

Overall Performance

Overall, the Group's revenue for the current quarter as compared to the immediate preceding quarter has decreased due to the decrease in revenue from IT and ICT Division and Construction Division. The decrease in revenue in the IT and ICT Division was mainly due to the lower sales of gadget, games and networking products. Whereas, the decrease in revenue in Construction Division was as a result of lower contract revenue recognised on warehouse construction in the current quarter.

Despite the decrease in revenue, the Group recorded a PBT in the current quarter mainly due to the reversal of impairment loss on the trade receivable of approximately of RM4.8 million made in the previous quarter in Construction Division.

IT and ICT Division

The decrease in revenue was mainly due to lower sales for gadget, games and networking products. The lower PBT in the current quarter as compared to the immediate preceding quarter was mainly due to the lower rental rebates and sales rebates received in the current quarter.

Construction Division

The higher PBT in the current quarter as compared to the immediate preceding quarter was mainly due to the reversal of 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 higher operating expenses.

B3. Commentary on Prospects

Looking at the current economic sentiment, we foresee that the IT market should remain positive but continue to be challenging.

The Group's Construction Division has been suffering a loss due to the current slow down.

The major part of our revenue is dependent on general well-being of retail or consumer spending. Therefore, the management expects that the overall outlook for the Group's performance for the next 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		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31.3.2018 RM'000	31.3.2017 RM'000	31.3.2018 RM'000	31.3.2017 RM'000
Current tax expense:				
- For the current financial period	(206)	242	(998)	(702)
- (Under)/Overprovision in the previous financial year	(5)	390	(5)	390
	<u>(211)</u>	<u>632</u>	<u>(1,003)</u>	<u>(312)</u>
Deferred tax expense:				
- Current deferred tax	-	-	-	(20)
- Underprovision in the previous financial period	-	-	-	(15)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35)</u>
	<u>(211)</u>	<u>632</u>	<u>(1,003)</u>	<u>(347)</u>

B6. Status of Corporate Proposals

There were no corporate proposals as at 28 May 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 31.3.2018	Revised Timeframe for Utilisation	Deviation		Explanation
	RM'000	RM'000		RM'000	%	
Working capital requirements	9,004	9,004	Within 48 months ⁽ⁱ⁾	-	-	
Expansion of existing business	9,782	9,782	Within 24 months ⁽ⁱ⁾	-	-	
Working capital requirements for:						
- the projects in Kemaman	770	770	Within 18 months ⁽ⁱⁱ⁾	-	-	
- other construction projects	4,230	4,230	Within 18 months ⁽ⁱⁱⁱ⁾	-	-	
Future projects in the property industry	7,000	7,000	Within 24 months ⁽ⁱⁱ⁾	-	-	
Estimated expenses in relation to the Rights Issue with Warrants	477	477	Within 1 month ⁽ⁱ⁾	-	-	
Total	31,263	31,263				

- (i) The timeframe is 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.

The proceeds raised from the Rights Issue with Warrants have been fully utilised in the current quarter under review.

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 31.3.2018 RM'000	As at 31.3.2017 RM'000
Current - unsecured		
Hire purchase payables - payables within 12 months	28	26
Non-current - unsecured		
Hire purchase payables - payables after 12 months	58	87
	<hr/>	<hr/>
	86	113
	<hr/>	<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. 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. Earnings per Share**

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

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Profit after taxation attributable to the owners of the Company (RM'000)	3,755	112	771	1,551
Weighted average number of ordinary shares in issue	595,716,797	554,441,745	564,619,155	554,441,745
Basic earnings per share (sen)	0.63	0.02	0.14	0.28
Diluted earnings per share (sen)	0.63	0.02	0.14	0.28

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**

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31.3.2018 RM'000	31.3.2017 RM'000	31.3.2018 RM'000	31.3.2017 RM'000
Interest income	115	121	506	496
Other income	-	-	-	-
Interest expense	1	1	4	6
Depreciation of property and equipment	246	285	999	992
Depreciation of investment properties	53	24	132	94
Amortisation of other intangible assets	-	36	-	143
Impairment losses on receivables	14	56	14	103
Impairment of intangible assets	-	750	-	750
Reversal of impairment losses on receivables	4,766	178	55	471
Provision for and write off of inventories	-	-	-	-
Gain on disposal of equipment	-	-	*	121
Loss on disposal of other investment	-	-	-	169
Gain or loss on disposal	-	-	-	-
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 31.3.2018 RM'000	As at 31.3.2017 RM'000
Total accumulated profit of the Group:		
- realised	2,688	217
- unrealised	-	-
	<hr/>	<hr/>
	2,688	217
Less: Consolidation Adjustments	3,392	5,092
	<hr/>	<hr/>
	6,080	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 30 May 2018.