



SKH CONSORTIUM BERHAD

SKH CONSORTIUM BERHAD

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

Year 2019

Quarterly Announcement

For The Quarter Ended 30 June 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 30 JUNE 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To- date	Preceding Year Corresponding Period
	30 June 2018 (Unaudited) RM'000	30 June 2017 (Unaudited) RM'000	30 June 2018 (Unaudited) RM'000	30 June 2017 (Unaudited) RM'000
Revenue	39,680	34,511	39,680	34,511
Cost of sales	(35,540)	(31,070)	(35,540)	(31,070)
Gross profit	4,140	3,441	4,140	3,441
Other income	153	180	153	180
	4,293	3,621	4,293	3,621
Operating expenses	(3,734)	(3,437)	(3,734)	(3,437)
Finance costs	(1)	(1)	(1)	(1)
Profit before taxation	558	183	558	183
Income tax expense	(247)	(188)	(247)	(188)
Profit/(loss) after taxation	311	(5)	311	(5)
Total comprehensive income/(loss)	311	(5)	311	(5)
Profit/(loss) after taxation attributable to:-				
Owners of the Company	310	(5)	310	(5)
Non-controlling interests	1	*	1	*
	311	(5)	311	(5)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	310	(5)	310	(5)
Non-controlling interests	1	*	1	*
	311	(5)	311	(5)
Earning/(loss) per share [EPS]/[LPS] (in sen)				
Basic EPS	0.05	#	0.05	#
Diluted EPS	0.05	#	0.05	#

Notes:-

* - Amount less than RM1,000

- LPS less than 0.01 sen

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2018 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 2018

	(UNAUDITED)	(AUDITED)
	As at	As at
	30 June 2018	31 March 2018
	RM'000	RM'000
ASSETS:		
Non-Current Assets:		
Property and equipment	8,112	8,350
Investment properties	14,248	14,293
Trade receivable	14,107	7,574
Goodwill on consolidation	5,764	5,764
	42,231	35,981
Current Assets:		
Inventories	19,560	18,028
Trade and other receivables	12,968	23,392
Current tax assets	1,610	1,514
Short-term investments	12,214	9,932
Cash and bank balances	13,105	11,860
	59,457	64,726
TOTAL ASSETS	101,688	100,707
EQUITY AND LIABILITIES:		
EQUITY		
Share capital	59,880	59,880
Reserves	11,631	11,321
Equity attributable to owners of the Company	71,511	71,201
Non-controlling interests	(107)	(108)
TOTAL EQUITY	71,404	71,093
Non-Current Liabilities:		
Hire purchase payable	51	58
Deferred tax liabilities	65	65
	116	123
Current Liabilities:		
Trade and other payables	26,613	28,614
Amount due to a contract customer	3,527	849
Hire purchase payable	28	28
	30,168	29,491
TOTAL LIABILITIES	30,284	29,614
TOTAL EQUITY AND LIABILITIES	101,688	100,707
Net assets per share (sen)	11.73	11.67

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2018 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 2018

	(UNAUDITED)	(UNAUDITED)
	CURRENT	CORRESPONDING
	PERIOD-TO-DATE	PERIOD-TO-DATE
	3 MONTHS	3 MONTHS
	ENDED	ENDED
	30 JUNE 2018	30 June 2017
Note	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	558	183
Adjustments for non-cash items:		
Depreciation of property and equipment	260	260
Depreciation of investment properties	57	23
Interest expense	1	1
Gain on disposal of equipment	-	*
Interest income	(86)	(123)
Reversal of impairment losses on receivables	-	(38)
	<u>790</u>	<u>306</u>
Operating profit before changes in working capital		
Net change in inventories	(1,532)	(587)
Net change in trade & other receivables	3,891	271
Net change in trade & other payables	(2,001)	1,785
Net change in amount due to a contract customer	2,678	-
	<u>3,826</u>	<u>1,775</u>
Cash flow from operations		
Income tax paid	(343)	(354)
Net cash from operating activities	<u>3,483</u>	<u>1,421</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	86	123
Purchase of investment properties	(12)	-
Purchase of equipment	(22)	(7)
Net cash from investing activities	52	116
CASH FLOW FOR FINANCING ACTIVITIES		
Repayment of hire purchase payable	(7)	(6)
Interest paid	(1)	(1)
Net cash for financing activities	(8)	(7)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,527	1,530
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	21,792	25,218
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>1</u> <u>25,319</u>	<u>26,748</u>

Note:-

* - Amount less than RM1,000

Note 1

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

	30 JUNE 2018
	RM'000
Short-term investments	12,214
Cash and bank balances	13,105
	<u>25,319</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 2018 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 THREE (3) MONTHS ENDED 30 JUNE 2018

	Share Capital	Share Premium	Retained Profits	Attributable To Owners of the Company	Non- Controlling Interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 31 June 2017						
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 31 March 2017	-	-	(5)	(5)	*	(5)
Balance as at 30 June 2017	55,444	5,324	5,304	66,072	(109)	65,963
3 months ended 31 March 2018						
Balance as at 1 April 2018	59,880	5,241	6,080	71,201	(108)	71,093
Profit after taxation for the 3 months ended 30 June 2018	-	-	310	310	1	311
Balance as at 30 June 2018	59,880	5,241	6,390	71,511	(107)	71,404

(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 2018 and the accompanying explanatory notes attached to the interim

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 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 2018. 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 2018.

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 2018 except for the adoption of the following:-

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 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
- 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:-

Part A

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

A2. Changes in Accounting Policies (Cont’d)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. The new standard contains 3 principal classification categories for financial assets (measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income) and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available-for-sale financial assets.

MFRS 9 replaces the ‘incurred loss’ model in MFRS 139 with an ‘expected credit loss’ (“ECL”) model. The new impairment model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. It involves a 3-stage approach under which financial assets move through the stages as their credit quality changes. This new impairment model applies to financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments and certain financial guarantee contracts.

There is no material impact on the financial statements of the Group on the adoption of this standard.

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 also required by MFRS 15 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

There is no material impact on the financial statements of the Group on the adoption of this standard.

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 16 Leases
- MFRS 17 Insurance Contracts
- IC Interpretation 23 Uncertainty Over Income Tax Treatments
- Amendments to MFRS 9: Prepayment Features with Negative Compensation
- 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 119: Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Part A

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

A2. Changes in Accounting Policies (Cont’d)

- Amendments to References to the Conceptual Framework in MFRS Standards
- Annual Improvements to MFRS Standards 2015 – 2017 Cycles

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.

A3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited financial statements for the financial year ended 31 March 2018 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 the 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 30 June 2018				
Revenue				
External revenue	35,328	4,352	-	39,680
Inter-segment revenue	1	-	-	1
	<u>35,329</u>	<u>4,352</u>	<u>-</u>	<u>39,681</u>
Consolidation adjustments				(1)
Consolidated revenue				<u>39,680</u>
Results				
Segment results	1,061	120	(391)	790
Interest income	4	-	82	86
Depreciation of property and equipment	(224)	(17)	(19)	(260)
Depreciation of investment properties	(43)	-	(14)	(57)
Interest expense	(1)	-	-	(1)
Consolidated profit/(loss) before taxation	<u>797</u>	<u>103</u>	<u>(342)</u>	<u>558</u>
Income tax expense	(213)	(34)	-	(247)
Consolidated profit/(loss) after taxation	<u>584</u>	<u>69</u>	<u>(342)</u>	<u>311</u>
Assets				
Segment assets/Consolidated total assets	56,578	19,618	25,492	<u>101,688</u>
Liabilities				
Segment liabilities/Consolidated total liabilities	25,796	4,345	143	<u>30,284</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 Year Quarter				
30 June 2017				
Revenue				
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>
Results				
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)
	<u>486</u>	<u>(77)</u>	<u>(226)</u>	<u>183</u>
Consolidated profit/(loss) before taxation				183
Income tax expense	(188)	-	-	(188)
	<u>298</u>	<u>(77)</u>	<u>(226)</u>	<u>(5)</u>
Consolidated profit/(loss) after taxation				
Assets				
Segment assets/Consolidated total assets	44,745	23,963	21,093	89,801
Liabilities				
Segment liabilities/Consolidated total liabilities	23,652	41	145	23,838

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 22 August 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:-

- (a) The Company has on 26 June 2018 entered into a Share Sale Agreement with Smart Wisdom Sdn. Bhd. in relation to the proposed acquisition of 80% of the entire issued and paid-up share capital in Kepayang Heights Sdn. Bhd. ("KHSB"), for a total cash consideration of RM13.6 million. Upon completion of the proposed acquisition, KHSB will become a 80% owned subsidiary of the Company. The acquisition of KHSB has been completed on 8 August 2018.
- (b) The Company has on 12 July 2018 entered into a Share Sale Agreement with Bijak Fajar Sdn. Bhd. and Newston Development Sdn. Bhd. in relation to the proposed acquisition of 70% of the entire issued and paid-up share capital in Rimbun Gabungan Sdn. Bhd. ("RGSB") for a total cash consideration of RM12 million. Upon completion of the proposed acquisition, RGSB will become a 70% owned subsidiary of the Company.
- (c) The Company has on 2 August 2018 incorporated a new subsidiary, namely Skyline Works Sdn Bhd ("SWSB") for the purpose of property development and/or construction. SWSB incorporated in Malaysia under the Companies Act 2016 with issued share capital of RM100,000 divided into 100,000 ordinary shares and it is 60% owned by SKH. The remaining 40% is held by an individual, Mr Kuan Poh Huat.
- (d) On behalf of the Board of Directors of SKH, TA Securities Holdings Berhad has on 6 August 2018 announced that the Company proposed to undertake the proposed diversification of the existing business of the Group to include property development and property investment ("Proposed Diversification").

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 22 August 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)

A13. Capital Commitments

There were no capital commitments as at 22 August 2018 (the latest practicable date not earlier than seven (7) days from the date of issue of this report), save as disclosed below:-

	RM'000
Balance of the purchase consideration of RGSB	10,800
Shareholders advance to RGSB for its working capital in relation to the proposed development project to be undertaken by RGSB	2,100
	<hr/>
	12,900
	<hr/>

A14. Related Party Transactions

The Group's related party transactions are as follows:

	Current Year Quarter 30 June 2018 RM'000	Preceding Year Corresponding Quarter 30 June 2017 RM'000	Cumulative Current Year To-date 30 June 2018 RM'000	Cumulative Preceding Corresponding Period 30 June 2017 RM'000
Rental of office premises charged to a company in which a director is a common director and has substantial financial interest	-	1	-	1
Subscription fee for accounting charged to a company in which a director is a common director	4	-	4	-
Key management personnel:-				
- salaries and allowances	177	177	177	177
- defined contribution plans	21	21	21	21
- others	1	1	1	1
- fee	62	69	62	69
	<hr/>	<hr/>	<hr/>	<hr/>

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	
	30.6.2018 RM'000	30.6.2017 RM'000		30.6.2018 RM'000	30.6.2017 RM'000	
Revenue:-						
IT and ICT Division	35,328	34,511	2.4	35,328	34,511	2.4
Construction Division	4,352	-	100.0	4,352	-	100.0
Investment Holding Division	-	-		-	-	
	39,680	34,511	15.0	39,680	34,511	15.0
Profit/(Loss) before taxation ("PBT/(LBT"):-						
IT and ICT division	797	486	64.0	797	486	64.0
Construction Division	103	(77)	233.8	103	(77)	233.8
Investment Holding Division	(342)	(226)	(51.3)	(342)	(226)	(51.3)
	558	183	204.9	558	183	204.9

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 printers, notebooks, computers and networking 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 higher revenue from IT and ICT Division and contract revenue recognised on warehouse construction.

IT and ICT Division

The increase in revenue for the current year to-date as compared to the preceding year corresponding period was mainly due to the improved sales for printers, notebooks, computers and networking products. This has led to the increase in PBT in IT and ICT Division.

Construction Division

The revenue recognised in the current year to-date was in respect of the contract revenue recognised on warehouse construction works. The PBT in the current year to-date was mainly due to such contract revenue recognised as compared to no construction works carried out in the preceding year corresponding periods.

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 preceding year corresponding quarter was mainly due to the higher upkeep expenses for premises.

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

	Current Quarter 30.6.2018 RM'000	Immediate Preceding Quarter 31.3.2018 RM'000	Changes %
Revenue:-			
IT and ICT Division	35,328	38,153	(7.4)
Construction Division	4,352	2,928	48.6
Investment Holding Division	-	-	-
	39,680	41,081	(3.4)
PBT/(LBT):-			
IT and ICT Division	797	336	137.2
Construction Division	103	3,965	(97.4)
Investment Holding Division	(342)	(334)	2.4
	558	3,967	(85.9)

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. The decrease in revenue in the IT and ICT Division was mainly due to the lower sales of Do-It-Yourself ("DIY") products. Whereas, the increase in revenue in Construction Division was as a result of higher contract revenue recognised on warehouse construction in the current quarter.

The Group recorded a lower PBT in the current quarter mainly due to the reversal of impairment loss on the trade receivable of approximately RM4.8 million in the Construction Division as a result of the collection of the same amount in the previous quarter.

IT and ICT Division

The decrease in revenue was mainly due to lower sales for Do-It-Yourself ("DIY") products. The higher PBT in the current quarter as compared to the immediate preceding quarter was mainly due to the lower staff costs.

Construction Division

The lower 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

The Group derives most of its revenue from its IT and ICT Division. The major part of our revenue is dependent on general well-being of the retail or consumer spending. The Board, looking at the current economic sentiment, foresees that the IT market should remain positive but continue to be challenging for the current financial year, considering also the increasingly competitive market in the ICT industry in which the Group operates.

Hence, the Proposed Diversification will enable the Group to diversify into new business segments which will hopefully provide additional streams of revenue and to complement with the Group's existing construction business. The Board believes that this will be part of the Group's business plan to improve its financial performance as well as its shareholders' value. In addition, the Proposed Diversification will allow the Group to reduce reliance on its existing business in the IT and ICT industries as well as its construction activities.

The Group will continuously look for more opportunities and when appropriate, implement necessary changes which may include further 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.

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
	30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000
Current tax expense:				
- For the current financial period	<u>(247)</u>	<u>(188)</u>	<u>(247)</u>	<u>(188)</u>

Part B

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

B6. Status of Corporate Proposals

There were no corporate proposals as at 22 August 2018 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) pending for completion, save for the following:-

- (a) an Extraordinary General Meeting for the shareholders of SKH will be held on 29 August 2018 to seek for approval to the proposed change of the Company's name from "SKH Consortium Berhad" to "Vortex Consolidated Berhad";
- (b) the proposed acquisition of RGSB as mentioned in Note A10(b) above; and
- (c) the Proposed Diversification as mentioned in Note A10(d) above.

B7. 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 30.6.2018 RM'000	As at 30.6.2017 RM'000
Current - unsecured		
Hire purchase payable - payables within 12 months	28	27
Non-current - unsecured		
Hire purchase payable - payables after 12 months	51	80
	79	107

B8. 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.

B9. 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.

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. Earnings/(Loss) per Share

The basic earnings/(loss) per share was calculated by dividing the profit/(loss) 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
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Profit/(loss) after taxation attributable to the owners of the Company (RM'000)	310	(5)	310	(5)
Weighted average number of ordinary shares in issue	609,885,845	554,441,745	609,885,845	554,441,745
Basic earnings per share (sen)	0.05	*	0.05	*
Diluted earnings per share (sen)	0.05	*	0.05	*

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**

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000
Interest income	86	123	86	123
Other income	-	-	-	-
Interest expense	1	1	1	1
Depreciation of property and equipment	260	260	260	260
Depreciation of investment properties	57	23	57	23
Amortisation of other intangible assets	-	-	-	-
Impairment losses on receivables	-	-	-	-
Impairment of intangible assets	-	-	-	-
Reversal of impairment losses on receivables	-	38	-	38
Provision for and write off of inventories	-	-	-	-
Gain on disposal of equipment	-	*	-	*
Loss on disposal of other investment	-	-	-	-
Gain or loss on disposal	-	-	-	-
Impairment of assets	-	-	-	-
Unrealised gain on foreign exchange	-	-	-	-
Realised gain on foreign exchange	-	-	-	-
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 profits can be analysed as follows:

	As at 30.6.2018 RM'000	As at 30.6.2017 RM'000
Total accumulated profits of the Group:		
- realised	15	(9,841)
- unrealised	-	-
	<hr/> 15	<hr/> (9,841)
Less: Consolidation Adjustments	6,375	15,145
	<hr/> 6,390	<hr/> 5,304

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 29 August 2018.