

# **VORTEX CONSOLIDATED BERHAD**

**(Formerly Known As SKH CONSORTIUM BERHAD)**

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

**Year 2019  
Quarterly Announcement  
For The Quarter Ended 30 September 2018**

**VORTEX CONSOLIDATED BERHAD (Formerly Known As 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 SEPTEMBER 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30 September 2018 (Unaudited) RM'000	30 September 2017 (Unaudited) RM'000	30 September 2018 (Unaudited) RM'000	30 September 2017 (Unaudited) RM'000
Revenue	43,499	35,228	83,179	69,739
Cost of sales	(39,233)	(31,298)	(74,773)	(62,368)
<b>Gross profit</b>	<u>4,266</u>	<u>3,930</u>	<u>8,406</u>	<u>7,371</u>
Other income	185	174	338	354
	<u>4,451</u>	<u>4,104</u>	<u>8,744</u>	<u>7,725</u>
Operating expenses	(3,985)	(3,479)	(7,719)	(6,916)
Finance costs	(2)	(1)	(3)	(2)
<b>Profit before taxation</b>	<u>464</u>	<u>624</u>	<u>1,022</u>	<u>807</u>
Income tax expense	(213)	(212)	(460)	(400)
<b>Profit after taxation</b>	<u>251</u>	<u>412</u>	<u>562</u>	<u>407</u>
<b>Total comprehensive income</b>	<u>251</u>	<u>412</u>	<u>562</u>	<u>407</u>
<b>Profit after taxation attributable to:-</b>				
Owners of the Company	251	412	562	407
Non-controlling interests	*	*	*	*
	<u>251</u>	<u>412</u>	<u>562</u>	<u>407</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	251	412	562	407
Non-controlling interests	*	*	*	*
	<u>251</u>	<u>412</u>	<u>562</u>	<u>407</u>
<b>Earning per share [EPS] (in sen)</b>				
Basic EPS	0.04	0.07	0.09	0.07
Diluted EPS	0.04	0.07	0.09	0.07

Notes:-

\* - Amount less than RM1,000

(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.)

**VORTEX CONSOLIDATED BERHAD (Formerly Known As SKH CONSORTIUM BERHAD)**  
**(Company No. 383028-D)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2018**

	<u>(UNAUDITED)</u>	<u>(AUDITED)</u>
	<u>As at</u>	<u>As at</u>
	<u>30 September 2018</u>	<u>31 March 2018</u>
	<u>RM'000</u>	<u>RM'000</u>
<b>ASSETS:</b>		
<b>Non-Current Assets:</b>		
Property and equipment	8,158	8,350
Investment properties	16,676	14,293
Land held for development	13,606	-
Trade receivable	12,722	7,574
Goodwill on consolidation	5,764	5,764
	<u>56,926</u>	<u>35,981</u>
<b>Current Assets:</b>		
Inventories	22,290	18,028
Trade and other receivables	13,295	23,392
Current tax assets	1,666	1,514
Short-term investments	2,511	9,932
Cash and bank balances	10,715	11,860
	<u>50,477</u>	<u>64,726</u>
<b>TOTAL ASSETS</b>	<u>107,403</u>	<u>100,707</u>
<b>EQUITY AND LIABILITIES:</b>		
<b>EQUITY</b>		
Share capital	59,880	59,880
Reserves	11,883	11,321
Equity attributable to owners of the Company	<u>71,763</u>	<u>71,201</u>
Non-controlling interests	(62)	(108)
<b>TOTAL EQUITY</b>	<u>71,701</u>	<u>71,093</u>
<b>Non-Current Liabilities:</b>		
Hire purchase payables	291	58
Deferred tax liabilities	65	65
	<u>356</u>	<u>123</u>
<b>Current Liabilities:</b>		
Trade and other payables	33,004	28,614
Amount due to a contract customer	2,314	849
Hire purchase payables	28	28
	<u>35,346</u>	<u>29,491</u>
<b>TOTAL LIABILITIES</b>	<u>35,702</u>	<u>29,614</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>107,403</u>	<u>100,707</u>
<b>Net assets per share (sen)</b>	11.77	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.)

**VORTEX CONSOLIDATED BERHAD (Formerly Known As SKH CONSORTIUM BERHAD)**  
**(Company No. 383028-D)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE SIX (6) MONTHS ENDED 30 SEPTEMBER 2018**

	(UNAUDITED) CURRENT PERIOD-TO-DATE 6 MONTHS ENDED 30 September 2018 RM'000	(UNAUDITED) CORRESPONDING PERIOD-TO-DATE 6 MONTHS ENDED 30 September 2017 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	1,022	807
Adjustments for non-cash items:		
Depreciation of property and equipment	504	506
Depreciation of investment properties	114	51
Interest expense	3	2
Gain on disposal of equipment	-	*
Interest income	(127)	(249)
Reversal of impairment losses on receivables	-	(55)
Operating profit before changes in working capital	1,516	1,062
Net change in inventories	(4,262)	(2,605)
Net change in trade & other receivables	4,949	693
Net change in trade & other payables	2,892	2,865
Net change in amount due to a contract customer	1,465	-
Cash flow from operations	6,560	2,015
Income tax paid	(612)	(652)
<b>Net cash from operating activities</b>	5,948	1,363
<b>CASH FLOW (FOR)/FROM INVESTING ACTIVITIES</b>		
Interest received	127	249
Purchase of investment properties	(2,497)	(170)
Purchase of equipment	(62)	(8)
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(12,102)	-
<b>Net cash (for)/from investing activities</b>	(14,534)	71
<b>CASH FLOW FROM/(FOR) FINANCING ACTIVITIES</b>		
Proceeds from non-controlling interests	40	-
Net repayment of hire purchase obligations	(17)	(13)
Interest paid	(3)	(2)
<b>Net cash from/(for) financing activities</b>	20	(15)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(8,566)	1,419
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	21,792	25,218
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	13,226	26,637

Note:-

\* - Amount less than RM1,000

**Note 1**

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

Short-term investments	2,511
Cash and bank balances	10,715
	13,226

**30 September 2018**  
**RM'000**

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.)

**VORTEX CONSOLIDATED BERHAD (Formerly Known As SKH CONSORTIUM BERHAD)**  
**(Company No. 383028-D)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX (6) MONTHS ENDED 30 SEPTEMBER 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
<b>6 months ended 30 September 2017</b>						
Balance as at 1 April 2017	55,444	5,324	5,309	66,077	(109)	65,968
Profit after taxation for the 6 months ended 30 September 2017	-	-	407	407	*	407
Balance as at 30 September 2017	55,444	5,324	5,716	66,484	(109)	66,375
<b>6 months ended 30 September 2018</b>						
Balance as at 1 April 2018	59,880	5,241	6,080	71,201	(108)	71,093
Profit after taxation for the 6 months ended 30 September 2018	-	-	562	562	*	562
Contribution by owners of the Company:-						
Acquisition of subsidiaries	-	-	-	-	46	46
Balance as at 30 September 2018	59,880	5,241	6,642	71,763	(62)	71,701

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 2018 and the accompanying explanatory notes attached to the interim financial statements.)

**VORTEX CONSOLIDATED BERHAD (“Vortex” or “the Company”)**  
(Formerly Known As SKH CONSORTIUM BERHAD)  
(Company No. 383028-D)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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”);
- (iii) Property investment activities (“Property Investment Division”);
- (iv) Property development activities (“Property Development Division”); and
- (v) 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	Property Investment Division RM'000	Property Development Division RM'000	Investment Holding Division RM'000	The Group RM'000
<b>Current quarter ended 30 September 2018</b>						
<b>Revenue</b>						
External revenue	42,224	1,275	-	-	-	43,499
Inter-segment revenue	1	-	-	-	2,400	2,401
	<u>42,225</u>	<u>1,275</u>	<u>-</u>	<u>-</u>	<u>2,400</u>	<u>45,900</u>
Consolidation adjustments						(2,401)
Consolidated revenue						<u>43,499</u>
<b>Results</b>						
Segment results	1,210	(132)	130	(2)	(480)	726
Interest income	4	-	-	-	37	41
Depreciation of property and equipment	(234)	9	-	-	(19)	(244)
Depreciation of investment properties	-	-	(44)	-	(13)	(57)
Interest expense	(2)	-	-	-	-	(2)
	<u>978</u>	<u>(123)</u>	<u>86</u>	<u>(2)</u>	<u>(475)</u>	<u>464</u>
Consolidated profit/(loss) before taxation						464
Income tax expense	(213)	-	-	-	-	(213)
	<u>765</u>	<u>(123)</u>	<u>86</u>	<u>(2)</u>	<u>(475)</u>	<u>251</u>
Consolidated profit/(loss) after taxation						251
<b>Assets</b>						
Segment assets/Consolidated total assets	50,063	16,728	16,676	13,651	10,285	<u>107,403</u>
<b>Liabilities</b>						
Segment liabilities/Consolidated total liabilities	32,394	3,178	-	2	128	<u>35,702</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	Property Investment Division RM'000	Property Development Division RM'000	Investment Holding Division RM'000	The Group RM'000
<b>Current quarter ended 30 September 2017</b>						
<b>Revenue</b>						
External revenue	35,228	-	-	-	-	35,228
Inter-segment revenue	1	-	-	-	1,700	1,701
	<u>35,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,700</u>	<u>36,929</u>
Consolidation adjustments						(1,701)
Consolidated revenue						<u>35,228</u>
<b>Results</b>						
Segment results	1,209	(49)	8	-	(412)	756
Interest income	4	-	-	-	122	126
Reversal of impairment losses on receivables	17	-	-	-	-	17
Depreciation of property and equipment	(225)	(4)	-	-	(17)	(246)
Depreciation of investment properties	-	-	(28)	-	-	(28)
Interest expense	(1)	-	-	-	-	(1)
Consolidated profit/(loss) before taxation	<u>1,004</u>	<u>(53)</u>	<u>(20)</u>	<u>-</u>	<u>(307)</u>	<u>624</u>
Income tax expense	(212)	-	-	-	-	(212)
Consolidated profit/(loss) after taxation	<u>792</u>	<u>(53)</u>	<u>(20)</u>	<u>-</u>	<u>(307)</u>	<u>412</u>
<b>Assets</b>						
Segment assets/Consolidated total assets	36,829	21,279	6,256	-	26,922	<u>91,286</u>
<b>Liabilities</b>						
Segment liabilities/Consolidated total liabilities	24,718	30	-	-	163	<u>24,911</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 19 November 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) On behalf of the Board of Directors of Vortex, TA Securities Holdings Berhad has on 6 August 2018 announced a proposed diversification of the existing business of Vortex to include property development and property investment (“Proposed Diversification”). Subsequently, the Proposed Diversification was approved by the shareholders via an Extraordinary General Meeting held on 9 October 2018.
- (b) The Company via its wholly-owned subsidiary, Viewnet Computer System Sdn Bhd (“VCSSB”) has on 9 October 2018 incorporated a new 70%-owned subsidiary, namely Viewnet Online Sdn Bhd (“VOSB”) for the purpose of e-commerce and online trading. VOSB was incorporated in Malaysia under the Companies Act 2016 with issued share capital of RM100,000 divided into 100,000 ordinary shares and it is 70% owned by VCSSB. The remaining 30% is held by an individual, Ms Sui Ee Yan.
- (c) On behalf of the Board of Directors of Vortex, TA Securities Holdings Berhad has on 19 October 2018 announced that the Company proposed to undertake the following:
  - i. proposed consolidation of every 2 existing ordinary shares in Vortex (“Vortex Share(s)”) into 1 new Vortex Share (“Consolidated Share(s)”);
  - ii. proposed renounceable rights issue of up to 60,988,584 new Vortex Shares (“Rights Share(s)”) on the basis of 1 Rights Share for every 5 Consolidated Shares held on an entitlement date to be determined later, together with up to 60,988,584 free detachable warrants (“Warrant(s)”) on the basis of 1 Warrant for every 1 Rights Share subscribed for;
  - iii. proposed renounceable rights issue of up to 914,828,766 new irredeemable convertible preference shares in Vortex (“ICPS”) on the basis of 3 ICPS for every 1 Consolidated Share held on an entitlement date to be determined later (“Proposed Rights Issue of ICPS”); and
  - iv. proposed amendments to the Memorandum and Articles of Association (“M&A”) of Vortex to facilitate the Proposed Rights Issue of ICPS.

(The above collectively referred as “Proposals”.)

## Part A

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

#### **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 except as follows:

- (a) On 2 August 2018, the Company has incorporated a new 60%-owned subsidiary, namely Skyline Works Sdn Bhd for the purpose of property development and/or construction works; and
- (b) On 8 August 2018, the Company has completed the Share Sale Agreement to acquire 80% of the entire issued and paid-up share capital of Kepayang Heights Sdn Bhd (“KHSB”). Subsequently, KHSB became a 80%-owned subsidiary of the Company.

#### **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 19 November 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 19 November 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 Rimbun Gandingan Sdn Bhd (“RGSB”)	10,800
Shareholder’s advance to RGSB for its working capital in relation to the proposed development project to be undertaken by RGSB	2,100
	<hr/>
	12,900
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## Part A

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

#### **A14. Related Party Transactions**

The Group’s related party transactions are as follows:

	Current Year Quarter 30 September 2018 RM'000	Preceding Year Corresponding Quarter 30 September 2017 RM'000	Cumulative Current Year To-date 30 September 2018 RM'000	Cumulative Preceding Corresponding Period 30 September 2017 RM'000
Professional services rendered by a company in which a director is a common director and has substantial financial interest	13	16	13	16
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 for accounting charged to a company in which a director is a common director	3	-	7	-
Key management personnel:-				
- salaries and allowances	177	148	354	325
- defined contribution plans	21	18	42	39
- others	1	*	2	1
- fee	56	63	118	132

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	
	30.9.2018 RM'000	30.9.2017 RM'000		30.9.2018 RM'000	30.9.2017 RM'000	
<b>Revenue:-</b>						
IT and ICT Division	42,224	35,228	19.9	77,552	69,739	11.2
Construction Division	1,275	-	100.0	5,627	-	100.0
Investment Holding Division	-	-	-	-	-	-
	<b>43,499</b>	<b>35,228</b>	<b>23.5</b>	<b>83,179</b>	<b>69,739</b>	<b>19.3</b>
<b>Profit/(Loss) before taxation ("PBT/(LBT)"):-</b>						
IT and ICT Division	978	1,004	(2.6)	1,747	1,500	16.5
Construction Division	(123)	(53)	132.1	(20)	(130)	(84.6)
Property Investment Division	86	(20)	530.0	114	(29)	493.1
Property Development Division	(2)	-	100.0	(2)	-	100.0
Investment Holding Division	(475)	(307)	54.7	(817)	(534)	53.0
	<b>464</b>	<b>624</b>	<b>(25.6)</b>	<b>1,022</b>	<b>807</b>	<b>26.6</b>

#### 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 attributable to the increase in consumer spending pending introduction of Sales and Services Tax ("SST"). 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 profits derived from IT and ICT Division.

#### 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 attributable to the increased consumer spending pending the introduction of SST. This has led to the increase in PBT in IT and ICT Division.

## Part B

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

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

##### Construction Division

The revenue recognised in the current year to-date was in respect of the contract revenue recognised on warehouse construction works. The profits derived from the warehouse construction works carried out in the current year to-date has reduced the LBT of this division as compared to preceding year corresponding period.

##### Property Investment Division

The increase in PBT in the current year to-date was mainly due to the increase in rental income generated from the Group's investment properties.

##### Investment Holding Division

The increase in LBT in the current year to-date as compared to the preceding year corresponding period was mainly due to the higher corporate exercises expenses incurred and lower interest income received from short term investments.

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

	Current Quarter 30.9.2018 RM'000	Immediate Preceding Quarter 30.6.2018 RM'000	Changes %
<b>Revenue:-</b>			
IT and ICT Division	42,224	35,328	19.5
Construction Division	1,275	4,352	(70.7)
Investment Holding Division	-	-	-
	<b>43,499</b>	<b>39,680</b>	<b>9.6</b>
<b>PBT/(LBT):-</b>			
IT and ICT Division	978	778	25.7
Construction Division	(123)	103	219.4
Property Investment Division	86	7	1,128.6
Property Development Division	(2)	-	100.0
Investment Holding Division	(475)	(330)	(43.9)
	<b>464</b>	<b>558</b>	<b>(16.8)</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. The increase in revenue in the IT and ICT Division was mainly attributable to the increased consumer spending pending the introduction of SST. Whereas, the decrease in revenue in Construction Division was as a result of lower contract revenue recognised on warehouse construction in the current quarter as the construction work was near to its completion stage.

The Group recorded a lower PBT in the current quarter mainly due to lower contract revenue recognised on warehouse construction in the Construction Division as compared to the immediate preceding quarter.

## **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)**

##### IT and ICT Division

The increase in revenue was mainly attributable to the increased consumer spending pending the introduction of SST, which was the main reason for the increase in PBT in the current quarter as compared to the immediate preceding quarter.

##### Construction Division

The LBT in the current quarter was mainly due to the lower contract revenue recognised on warehouse construction as the construction work was near to its completion stage.

##### Property Investment Division

The increase in PBT in the current quarter was mainly due to increase in rental income generated from the Group's investment properties.

##### Investment Holding Division

The increase in LBT in the current quarter as compared to the immediate preceding quarter was mainly due to due to the increased in professional fees incurred during the current quarter as a result of more corporate exercise activities compared to the immediate preceding quarter.

#### **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, has taken steps to diversify into the property investment and development segments.

Hence, such diversification will enable the Group to tap 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 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.



## 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
	30.9.2018 RM'000	30.9.2017 RM'000	30.9.2018 RM'000	30.9.2017 RM'000
Current tax expense:				
- For the current financial period	<u>(213)</u>	<u>(212)</u>	<u>(460)</u>	<u>(400)</u>

#### B6. Status of Corporate Proposals

There were no corporate proposals as at 19 November 2018 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) pending for completion save as follows:

- (a) 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 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; and
- (b) The Proposals as mention in A10(c) 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 30.9.2018 RM'000	As at 30.9.2017 RM'000
<b>Current - unsecured</b>		
Hire purchase payable - payables within 12 months	28	26
<b>Non-current - unsecured</b>		
Hire purchase payable - payables after 12 months	291	102
	<u>319</u>	<u>128</u>

## Part B

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

#### **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.

#### **B11. Earnings per Share**

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

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
Profit after taxation attributable to the owners of the Company (RM'000)	251	412	562	407
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)	0.04	0.07	0.09	0.07
Diluted earnings per share (sen)	0.04	0.07	0.09	0.07

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**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	Preceding	Current	Preceding
	Year	Year	Year	Year
	Quarter	Corresponding	To-date	Corresponding
	Quarter	Quarter	Period	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	RM'000	RM'000	RM'000	RM'000
Interest income	41	126	127	249
Other income	-	-	-	-
Interest expense	2	1	3	2
Depreciation of property and equipment	244	246	504	506
Depreciation of investment properties	57	28	114	51
Amortisation of other intangible assets	-	-	-	-
Impairment losses on receivables	-	-	-	-
Impairment of intangible assets	-	-	-	-
Reversal of impairment losses on receivables	-	17	-	55
Provision for and write off of inventories	-	-	-	-
Gain on disposal of equipment	-	*	-	*
Loss on disposal of other investment	-	-	-	-
Gain or loss on disposal of quoted or unquoted investments	-	-	-	-
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

**B13. 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 26 November 2018.