

VORTEX CONSOLIDATED BERHAD

(Formerly Known As SKH CONSORTIUM BERHAD)

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

Year 2019

**Quarterly Announcement
For The Quarter Ended 31 DECEMBER 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 31 DECEMBER 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	<u>31 December 2018</u> (Unaudited) RM'000	<u>31 December 2017</u> (Unaudited) RM'000	<u>31 December 2018</u> (Unaudited) RM'000	<u>31 December 2017</u> (Unaudited) RM'000
Revenue	40,635	43,851	124,140	113,879
Cost of sales	(36,298)	(38,454)	(111,071)	(100,822)
Gross profit	<u>4,337</u>	<u>5,397</u>	<u>13,069</u>	<u>13,057</u>
Other income	4	4	16	69
	<u>4,341</u>	<u>5,401</u>	<u>13,085</u>	<u>13,126</u>
Operating expenses	(4,451)	(8,399)	(12,170)	(15,315)
Finance costs	(3)	(1)	(6)	(3)
(Loss)/Profit before taxation	<u>(113)</u>	<u>(2,999)</u>	<u>909</u>	<u>(2,192)</u>
Income tax expense	(352)	(392)	(812)	(792)
(Loss)/Profit after taxation	<u>(465)</u>	<u>(3,391)</u>	<u>97</u>	<u>(2,984)</u>
Total comprehensive (expenses)/income	<u>(465)</u>	<u>(3,391)</u>	<u>97</u>	<u>(2,984)</u>
(Loss)/Profit after taxation attributable to:-				
Owners of the Company	(464)	(3,391)	98	(2,984)
Non-controlling interests	(1)	*	(1)	*
	<u>(465)</u>	<u>(3,391)</u>	<u>97</u>	<u>(2,984)</u>
Total comprehensive (expenses)/income attributable to:-				
Owners of the Company	(464)	(3,391)	98	(2,984)
Non-controlling interests	(1)	*	(1)	*
	<u>(465)</u>	<u>(3,391)</u>	<u>97</u>	<u>(2,984)</u>
(Loss)/Earning per share [(LPS)/EPS] (in sen)				
Basic (LPS)/EPS	(0.08)	(0.61)	0.02	(0.54)
Diluted (LPS)/EPS	(0.08)	(0.61)	0.02	(0.54)

Note:-

* - 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 31 DECEMBER 2018

	(UNAUDITED)	(AUDITED)
	As at	As at
	31 December 2018	31 March 2018
	RM'000	RM'000
ASSETS:		
Non-Current Assets:		
Property and equipment	7,995	8,350
Investment properties	16,600	14,293
Land held for development	13,685	-
Trade receivable	13,357	7,574
Goodwill on consolidation	5,764	5,764
	57,401	35,981
Current Assets:		
Inventories	21,808	18,028
Trade and other receivables	10,546	23,392
Current tax assets	1,733	1,514
Short-term investments	1,308	9,932
Cash and bank balances	10,451	11,860
	45,846	64,726
TOTAL ASSETS	103,247	100,707
EQUITY AND LIABILITIES:		
EQUITY		
Share capital	59,880	59,880
Reserves	11,419	11,321
Equity attributable to owners of the Company	71,299	71,201
Non-controlling interests	(33)	(108)
TOTAL EQUITY	71,266	71,093
Non-Current Liabilities:		
Hire purchase payables	275	58
Deferred tax liabilities	65	65
	340	123
Current Liabilities:		
Trade and other payables	31,277	28,614
Amount due to a contract customer	336	849
Hire purchase payables	28	28
	31,641	29,491
TOTAL LIABILITIES	31,981	29,614
TOTAL EQUITY AND LIABILITIES	103,247	100,707
Net assets per share (sen)	11.69	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 NINE (9) MONTHS ENDED 31 DECEMBER 2018

	(UNAUDITED) CURRENT PERIOD-TO-DATE 9 MONTHS ENDED 31 December 2018 RM'000	(UNAUDITED) CORRESPONDING PERIOD-TO-DATE 9 MONTHS ENDED 31 December 2017 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	909	(2,192)
Adjustments for non-cash items:		
Depreciation of property and equipment	765	753
Depreciation of investment properties	178	79
Impairment losses on receivables	-	4,766
Interest expense	6	3
Gain on disposal of equipment	-	*
Interest income	(129)	(391)
Reversal of impairment losses on receivables	-	(55)
Operating profit before changes in working capital	1,729	2,963
Net change in land held for development	(79)	-
Net change in inventories	(3,780)	(1,498)
Net change in trade & other receivables	7,063	(5,593)
Net change in trade & other payables	1,164	5,880
Net change in amount due to a contract customer	(513)	(10)
Cash flow from operations	5,584	1,742
Net income tax paid	(1,031)	(915)
Net cash from operating activities	4,553	827
CASH FLOW (FOR)/FROM INVESTING ACTIVITIES		
Interest received	129	391
Purchase of investment properties	(2,485)	(170)
Purchase of equipment	(160)	(11)
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(12,102)	-
Net cash (for)/from investing activities	(14,618)	210
CASH FLOW FROM/(FOR) FINANCING ACTIVITIES		
Proceeds from non-controlling interests	70	-
Net repayment of hire purchase obligations	(32)	(21)
Interest paid	(6)	(3)
Net cash from/(for) financing activities	32	(24)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,033)	1,013
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	21,792	25,218
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	11,759	26,231

Note:-

* - Amount less than RM1,000

Note 1

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

	31 December 2018 RM'000
Short-term investments	1,308
Cash and bank balances	10,451
	11,759

(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 NINE (9) MONTHS ENDED 31 DECEMBER 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
9 months ended 31 December 2017						
Balance as at 1 April 2017	55,444	5,324	5,309	66,077	(109)	65,968
Loss after taxation for the 9 months ended 31 December 2017	-	-	(2,984)	(2,984)	*	(2,984)
Balance as at 31 December 2017	55,444	5,324	2,325	63,093	(109)	62,984
9 months ended 31 December 2018						
Balance as at 1 April 2018	59,880	5,241	6,080	71,201	(108)	71,093
Profit/(Loss) after taxation for the 9 months ended 31 December 2018	-	-	98	98	(1)	97
Contribution by owners of the Company:-						
Acquisition of subsidiaries	-	-	-	-	76	76
Balance as at 31 December 2018	59,880	5,241	6,178	71,299	(33)	71,266

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 31 DECEMBER 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
Current quarter ended 31 December 2018						
Revenue						
External revenue	38,532	1,978	128	-	(3)	40,635
Inter-segment revenue	1	-	-	-	-	1
	<u>38,533</u>	<u>1,978</u>	<u>128</u>	<u>-</u>	<u>(3)</u>	<u>40,636</u>
Consolidation adjustments						(1)
Consolidated revenue						<u>40,635</u>
Results						
Segment results	875	(275)	110	*	(499)	211
Interest income	3	1	-	-	-	4
Depreciation of property and equipment	(238)	(4)	-	-	(19)	(261)
Depreciation of investment properties	-	-	(64)	-	-	(64)
Interest expense	(3)	-	-	-	-	(3)
Consolidated profit/(loss) before taxation	<u>637</u>	<u>(278)</u>	<u>46</u>	<u>*</u>	<u>(518)</u>	<u>(113)</u>
Income tax expense	(385)	34	(1)	-	-	(352)
Consolidated profit/(loss) after taxation	<u>252</u>	<u>(244)</u>	<u>45</u>	<u>*</u>	<u>(518)</u>	<u>(465)</u>
Assets						
Segment assets/Consolidated total assets	44,534	13,865	16,901	14,679	13,268	<u>103,247</u>
Liabilities						
Segment liabilities/Consolidated total liabilities	31,056	771	12	70	72	<u>31,981</u>

Note:-

*- Amount less than RM1,000.

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
Current quarter ended 31 December 2017						
Revenue						
External revenue	38,736	4,953	25	-	137	43,851
Inter-segment revenue	1	-	-	-	-	1
	<u>38,737</u>	<u>4,953</u>	<u>25</u>	<u>-</u>	<u>137</u>	<u>43,852</u>
Consolidation adjustments						(1)
Consolidated revenue						<u>43,851</u>
Results						
Segment results	1,625	690	21	-	(435)	1,901
Interest income	5	-	-	-	137	142
Depreciation of property and equipment	(224)	(4)	-	-	(19)	(247)
Depreciation of investment properties	-	-	(28)	-	-	(28)
Impairment losses on receivables	-	(4,766)	-	-	-	(4,766)
Interest expense	(1)	-	-	-	-	(1)
Consolidated profit/(loss) before taxation	<u>1,405</u>	<u>(4,080)</u>	<u>(7)</u>	<u>-</u>	<u>(317)</u>	<u>(2,999)</u>
Income tax expense	(216)	(175)	-	-	(1)	(392)
Consolidated profit/(loss) after taxation	<u>1,189</u>	<u>(4,255)</u>	<u>(7)</u>	<u>-</u>	<u>(318)</u>	<u>(3,391)</u>
Assets						
Segment assets/Consolidated total assets	41,162	19,056	6,228	-	24,588	<u>91,034</u>
Liabilities						
Segment liabilities/Consolidated total liabilities	27,000	903	-	-	147	<u>28,050</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 18 February 2018, being the last practicable date from the date of the issue of this report that are expected to have an operational or financial impact on the Group except as follows:-

- (a) The shareholders had via an Extraordinary General Meeting held by the Company on 3 January 2019, approved the following resolutions:
- (i) proposed consolidation of every 2 existing ordinary shares in Vortex (“Vortex Share(s)”) into 1 new Vortex Share (“Consolidated Share(s)”) (“Share Consolidation”);
 - (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 (“Rights Issue of Shares with Warrants”);
 - (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 (“Rights Issue of ICPS”); and
 - (iv) proposed amendments to the Memorandum and Articles of Association (“M&A”) of Vortex to facilitate the Rights Issue of ICPS.

(The above collectively referred as “Proposals”).

- (b) The Share Consolidation has been completed on 25 January 2019 following the listing of and quotation for 304,942,918 Consolidated Shares on the Ace Market of Bursa Securities on 25 January 2019.
- (c) The Board of Directors of Vortex has on 25 January 2019 announced the termination of the Share Sale Agreement (“SSA”) entered into between Bijak Fajar Sdn Bhd and Newston Development Sdn Bhd (collectively be referred as the “Vendors”) in relation to the proposed acquisition of 70% of the entire issued and paid-up share capital of Rimbun Gabungan Sdn Bhd (“RGSB”) (“Termination of the SSA”). Both the Vendors and the Company have mutually agreed to terminate the SSA via the signing of a notice of termination.

Upon Termination of the SSA, both the Vendors and the Company shall release each other from the due performance and observance of all their obligations and covenants under the SSA.

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 (Cont’d)

- (d) In view of the Termination of the SSA, the proposed development carried out by RGSB has no longer formed part of the Group’s property development project. As such, TA Securities Holdings Berhad, on behalf of Vortex, had announced on 25 January 2019, the variation of the utilisation of proceeds to be raised from the Rights Issue of Shares with Warrants and the Rights Issue of ICPS as follows:

	Minimum Scenario (RM)	Maximum Scenario (RM)	Expected time frame for utilisation of proceeds (from the date of listing of the Rights Shares and ICPS)
Property development projects ⁽¹⁾	10,800,000	43,189,726	Within 36 months
Future projects and/or acquisitions ⁽²⁾	3,000,000	6,500,000	Within 36 months
Working capital ⁽²⁾	2,000,000	4,000,000	Within 24 months
Estimated expenses in relation to the Proposals ⁽²⁾	1,200,000	1,200,000	Within 1 month
Total estimated proceeds	17,000,000	54,889,726	

Notes:

- (1) Vortex intends to utilise RM10.80 million (under the Minimum Scenario) or up to RM43.19 million (under the Maximum Scenario) of the total gross proceeds from the Rights Issue of Shares with Warrants and the Rights Issue of ICPS to finance the proposed development project undertaken by Kepayang Heights Sdn Bhd (“the Project”) only.

Under both Minimum Scenario and Maximum Scenario, the proceeds will be utilised mainly to finance the building works and infrastructure costs of the Project. However, the allocation of proceeds to fund the category of Gross Development Cost (“GDC”) of the Project is indicative at this juncture and may be re-allocated amongst the categories of GDC of the Project. The exact breakdown of proceeds to be utilised for each category of GDC of the Project will be determined by the management of Vortex at a later stage, after taking into consideration the progress and funding requirements of the Project.

- (2) There is no change to the intended utilisation of proceeds for these purposes as set out in the Circular to the shareholders dated 7 December 2018.

This variation to the utilisation of proceeds to be raised from the Rights Issue of Shares with Warrants and the Rights Issue of ICPS is not subject to the approval from the shareholders of the Company or any regulatory authorities.

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 for the incorporation of 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 an issued share capital of RM100,000 divided into 100,000 ordinary shares and it is 70% owned by the Group via Viewnet Computer System Sdn Bhd, a wholly owned subsidiary of the Group. The remaining 30% is held by an individual, Ms Sui Ee Yan.

A12. Changes in Contingent Liabilities and Contingent Assets since the Last Annual Balance Sheet Date

Since the last annual balance sheet date, there were no material changes in contingent liabilities and contingent assets for the Group as at 18 February 2019 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

A13. Capital Commitments

There were no capital commitments as at 18 February 2018 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

Part A

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

A14. Related Party Transactions

The Group’s related party transactions are as follows:

	Current Year Quarter 31 December 2018 RM'000	Preceding Year Corresponding Quarter 31 December 2017 RM'000	Cumulative Current Year To-date 31 December 2018 RM'000	Cumulative Preceding Corresponding Period 31 December 2017 RM'000
Professional services rendered by a company in which a director is a common director and has substantial financial interest	-	-	13	16
Rental of office premises charged to a company in which a director is a common director	-	15	-	45
Rental of office premises charged to a company in which a director is a common director and has substantial financial interest	-	1	-	2
Subscription fee for accounting charged to a company in which a director is a common director	4	4	11	4
Key management personnel:-				
- salaries and allowances	179	165	533	490
- defined contribution plans	21	19	63	58
- others	-	1	2	2
- fee	63	63	181	195

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	
	31.12.2018 RM'000	31.12.2017 RM'000		31.12.2018 RM'000	31.12.2017 RM'000	
Revenue:-						
IT and ICT Division	38,532	38,736	(0.5)	116,085	108,475	7.0
Construction Division	1,978	4,953	(60.1)	7,604	4,953	53.5
Property Investment Division	128	25	412.0	335	74	352.7
Investment Holding Division	(3)	137	(102.2)	116	377	(69.2)
	40,635	43,851	(7.3)	124,140	113,879	9.0
Profit/(Loss) before taxation ("PBT/(LBT)"):-						
IT and ICT Division	637	1,405	(54.7)	2,510	2,874	(12.7)
Construction Division	(278)	(4,080)	(93.2)	(210)	(4,211)	(95.0)
Property Investment Division	46	(7)	757.1	38	(8)	575.0
Property Development Division	*	-	-	(5)	-	100
Investment Holding Division	(518)	(317)	63.4	(1,424)	(847)	68.1
	(113)	(2,999)	(96.2)	909	(2,192)	(141.5)

Note:-

*- Amount less than RM1,000.

Overall Performance

Overall, the Group's revenue for the current quarter as compared to the preceding year corresponding quarter has decreased mainly due to the decrease in revenue Construction Division. The decrease in revenue in Construction Division was as a result of lesser contract revenue recognised on warehouse construction as the work progress is near completion stage.

The Group recorded a LBT in the current quarter mainly due to the lower profits contributed from IT and ICT Division and Construction Division.

IT and ICT Division

The increase in revenue for the current year to-date under review as compared to the preceding year corresponding period was mainly due to the improved sales attributable to the increase in consumer spending pending the introduction of Sales and Service Tax ("SST") which happened in the immediate preceding quarter of the current financial year.

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 decrease in LBT as compared to preceding year corresponding period was mainly due to the provision of impairment loss on trade receivables of approximately RM4.8 million during the 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 31.12.2018 RM'000	Immediate Preceding Quarter 30.9.2018 RM'000	Changes %
Revenue:-			
IT and ICT Division	38,532	42,224	(8.7)
Construction Division	1,978	1,275	55.1
Property Investment Division	128	140	(8.5)
Investment Holding Division	(3)	37	(108.1)
	40,635	43,676	(7.0)
PBT/(LBT):-			
IT and ICT Division	637	978	(34.9)
Construction Division	(278)	(123)	126.0
Property Investment Division	46	86	(46.5)
Property Development Division	*	(2)	(100.0)
Investment Holding Division	(518)	(475)	9.1
	(113)	464	(124.4)

Note:-

*- Amount less than RM1,000.

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)

Overall Performance

Overall, the Group's revenue for the current quarter as compared to the immediate preceding quarter has decreased mainly due to the decrease in revenue from IT and ICT Division.

The Group has recorded a LBT in the current quarter mainly due to the decrease of PBT in IT and ICT Division as a result of the implementation of SST in September 2019 which has a setback effect after a tax free window period.

IT and ICT Division

The decrease in revenue was mainly attributable to the decrease in consumer spending after the implementation of SST.

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 at its completion stage.

Property Investment Division

The slight decrease in PBT in the current quarter was mainly due to the increase in the operating cost for the Group's investment properties activities.

Investment Holding Division

The increase in LBT in the current quarter as compared to the immediate preceding quarter was mainly due to the increase 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.

Such diversification enables 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.

Part B

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

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
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Current tax expense:				
- For the current financial period	<u>(352)</u>	<u>(392)</u>	<u>(812)</u>	<u>(792)</u>

B6. Status of Corporate Proposals

There were no corporate proposals as at 18 February 2019 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) pending for completion save as follows:

- The Rights Issue of Shares with Warrants and the Right Issue of ICPS as mention in A10(a) above; and
- The Company has on 11 December 2018 entered into a share sale agreement with Paris Dynasty Sdn Bhd in relation to the proposed acquisition of 85% of the entire issued and paid-up share capital in Paris Dynasty Land Sdn Bhd ("PDL SB") for a total cash consideration of RM100. Upon the completion of the proposed acquisition, PDL SB will become a 85% owned subsidiary of the Company.

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 31.12.2018 RM'000	As at 31.12.2017 RM'000
Current - unsecured		
Hire purchase payables - payable within 12 months	28	26
Non-current – unsecured		
Hire purchase payables - payable after 12 months	275	66
	<u>303</u>	<u>92</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. (Loss)/Earnings per Share

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

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
(Loss)/Profit after taxation attributable to the owners of the Company (RM'000)	(464)	(3,391)	98	(2,984)
Weighted average number of ordinary shares in issue	609,885,845	554,441,745	609,885,845	554,441,745
Basic (loss)/earnings per share (sen)	(0.08)	(0.61)	0.02	(0.54)
Diluted (loss)/earnings per share (sen)	(0.08)	(0.61)	0.02	(0.54)

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
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Interest income	2	142	129	391
Other income	-	-	4	-
Interest expense	3	1	6	3
Depreciation of property and equipment	261	247	765	753
Depreciation of investment properties	64	28	178	79
Amortisation of other intangible assets	-	-	-	-
Impairment losses on receivables	-	4,766	-	4,766
Reversal of impairment losses on receivables	-	-	-	55
Gain on disposal of equipment	-	-	-	*

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 27 February 2019.