



**SCH GROUP BERHAD (972700-P)**  
(Incorporated in Malaysia)

Interim Financial Report  
For the Second (2nd) Quarter ended  
28 February 2018

## SCH GROUP BERHAD (972700-P)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 28 FEBRUARY 2018

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Unaudited 28 Feb 2018 RM'000	Unaudited 28 Feb 2017 RM'000	Unaudited 28 Feb 2018 RM'000	Unaudited 28 Feb 2017 RM'000
Revenue	6,721	8,335	18,388	16,702
Cost of Sales	(4,767)	(5,104)	(12,297)	(10,135)
Gross Profit	1,954	3,231	6,091	6,567
Other operating income	581	164	1,365	300
Administrative expenses	(2,712)	(2,797)	(4,784)	(5,094)
Selling and distribution expenses	(601)	(410)	(985)	(885)
(Loss)/Profit from operations	(778)	188	1,687	888
Finance costs	(113)	(108)	(320)	(195)
(Loss)/Profit before taxation	(891)	80	1,367	693
Taxation	119	(19)	(475)	(248)
(Loss)/Profit after taxation	(772)	61	892	445
Other comprehensive income after tax:				
Exchange translation differences for foreign operations	(38)	(27)	(95)	121
Total comprehensive (loss)/income for the financial period	(810)	34	797	566
<b>PAT ATTRIBUTABLE TO:</b>				
- Owners of the company	(772)	61	892	445
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:</b>				
- Owners of the company	(810)	34	797	566
Weighted average no. of ordinary shares ('000)	412,235	412,235	412,235	412,235
(Loss)/Earnings per share attributable to owners of the company (sen):				
- Basic	(0.19)	0.01	0.22	0.11
- Diluted	(0.12)	*(1)	0.14	0.07

*Note:*

(1) Amount represent less than 0.01 sen

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2017 and the accompanying explanatory notes attached to the interim financial report.

# SCH GROUP BERHAD (972700-P)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2018

	<b>Unaudited As at 28 Feb 2018 RM'000</b>	<b>Audited As at 31 Aug 2017 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSET</b>		
Property, plant and equipment	25,220	23,927
<b>CURRENT ASSETS</b>		
Inventories	22,520	22,232
Trade receivables	17,892	20,475
Other receivables, prepayments and deposits	4,079	3,397
Tax recoverable	2,000	1,925
Fixed deposit with a licensed bank	6,472	9,085
Cash and bank balances	4,275	3,044
	57,238	60,158
Assets classified as held for sale	248	377
	57,486	60,535
<b>TOTAL ASSETS</b>	<b>82,706</b>	<b>84,462</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	52,129	52,129
Merger deficit reserve	(24,515)	(24,515)
Foreign currency translation reserves	181	276
Retained earnings	37,475	36,583
<b>TOTAL EQUITY</b>	<b>65,270</b>	<b>64,473</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	2,477	1,950
Other payables	1,357	1,254
Amount owing to directors	-	19
Hire purchase payables	225	161
Bank borrowings	8,500	12,032
Tax payable	7	37
	12,566	15,453

## SCH GROUP BERHAD (972700-P)

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2018 (Cont'd)

	<b>Unaudited As at 28 Feb 2018 RM'000</b>	<b>Audited As at 31 Aug 2017 RM'000</b>
<b>NON-CURRENT LIABILITIES</b>		
Hire purchase payables	875	317
Bank borrowings	3,887	4,111
Deferred tax liabilities	108	108
	<u>4,870</u>	<u>4,536</u>
<b>TOTAL LIABILITIES</b>	<b>17,436</b>	<b>19,989</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>82,706</b>	<b>84,462</b>
<b>NET ASSET PER SHARE (sen)</b>	<b>15.83</b>	<b>15.64</b>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2017 and the accompanying explanatory notes attached to this interim financial report.

**SCH GROUP BERHAD (972700-P)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 28 FEBRUARY 2018**

<b>Unaudited</b>	←----- <i>Non-Distributable</i> -----→				<i>Distributable</i> <b>Retained Earnings</b> RM'000	<b>Total Equity</b> RM'000
	<b>Share Capital</b> RM'000	<b>Share Premium</b> RM'000	<b>Merger Reserve</b> RM'000	<b>Translation Reserve</b> RM'000		
Balance as at 1 September 2017	52,129	-	(24,515)	276	36,583	64,473
Profit for the financial period					892	892
Other comprehensive income for the financial period				(95)		(95)
Total comprehensive income for the financial period				(95)	892	797
Balance as at 28 February 2018	52,129	-	(24,515)	181	37,475	65,270

<b>Unaudited</b>	<b>Share Capital</b> RM'000	<b>Share Premium</b> RM'000	<b>Merger Reserve</b> RM'000	<b>Translation Reserve</b> RM'000	<b>Retained Earnings</b> RM'000	<b>Total Equity</b> RM'000
Balance as at 1 September 2016	41,223	10,906	(24,515)	205	34,761	62,580
Profit for the financial period					445	445
Other comprehensive income for the financial period				121		121
Total comprehensive income for the financial period				121	445	566
Conversion of warrants to shares	1					1
Balance as at 28 February 2017	41,224	10,906	(24,515)	326	35,206	63,147

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2017 and the accompanying explanatory notes attached to this interim financial report.

## SCH GROUP BERHAD (972700-P)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 28 FEBRUARY 2018

	Unaudited 6 months ended 28 Feb 2018 RM'000	Unaudited 6 months ended 28 Feb 2017 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	1,367	693
Adjustment for:		
Depreciation of property, plant and equipment	502	486
Interest expenses	320	195
Gain on disposal of property, plant and equipment	(635)	-
Interest income	(126)	(124)
Reversal of impairment on trade receivables	(7)	-
Unrealised gain on foreign exchange	(192)	-
Operating profit before working capital changes	1,229	1,250
<b>Changes in working capital:</b>		
Inventories	(251)	545
Trade and other receivables	1,899	422
Trade and other payables	635	636
Amount due to directors	(19)	-
	2,264	1,603
Cash generated from operations	3,493	2,853
Interest received	126	124
Interest paid	(320)	(195)
Tax refund	-	118
Tax paid	(580)	(749)
Exchange differences	(124)	113
	(898)	(589)
Net cash from operating activities	2,595	2,264
<b>Cash Flow From Investing Activities</b>		
Purchase of property, plant and equipment	(1,331)	(4)
Proceed from disposal of property, plant and equipment	1,028	-
Net cash used in investing activities	(303)	(4)

## SCH GROUP BERHAD (972700-P)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 28 FEBRUARY 2018 (Con't)

	Unaudited 6 months ended 28 Feb 2018 RM'000	Unaudited 6 months ended 28 Feb 2017 RM'000
<b>Cash Flow From Financing Activities</b>		
Proceeds from issuance of shares	-	* (1)
Increase/(Decrease) in foreign currency trade loans	411	(1,186)
Repayment of hire purchase payables	(113)	(40)
(Repayment)/drawdown of term loan	(71)	2,000
Changes on bankers' acceptance & trust receipts	(3,901)	538
Increase in fixed deposits pledged	(709)	(36)
Dividend paid	-	(1,443)
Net cash used in financing activities	<u>(4,383)</u>	<u>(167)</u>
Net (decrease)/increase in cash and cash equivalents	(2,091)	2,093
Cash and cash equivalents at beginning of the financial year	9,614	6,015
Cash and cash equivalents at end of the financial period	<b><u>7,523</u></b>	<b><u>8,108</u></b>
<b>Cash and cash equivalents at end of the financial period comprises:</b>		
- Fixed deposits placed with licensed banks	6,472	8,023
- Cash and bank balances	4,275	2,791
- Bank overdraft	-	(231)
	<u>10,747</u>	<u>10,583</u>
Less: Fixed deposits pledged with a licensed bank	(3,224)	(2,475)
	<b><u>7,523</u></b>	<b><u>8,108</u></b>

*Note:*

(1) Amount represent less than RM1,000

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2017 and the accompanying explanatory notes attached to this interim financial report.

## NOTES TO THE INTERIM FINANCIAL REPORT

### A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2018

#### A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") No. 134: Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the ACE Listing Requirements ("Listing Requirement").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2017 and the accompanying explanatory notes attached to this interim financial report.

The accounting policies adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 August 2017. The Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

The Group has not applied the following standards, amendments and interpretations under MFRS framework that have been issued by the Malaysia Accounting Standards Board as they have yet to be effective for the Group.

<b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective dates for financial period beginning on and after</b>
MFRS 9 – Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 – Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 1	
- Annual Improvements to MFRSs 2014-2016 Cycle	1 January 2018
Amendments to MFRS 2	
- Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 15 – Clarification to MFRS 15	1 January 2018
Amendments to MFRS 128 1	
- Annual Improvements to MFRSs 2014-2016 Cycle	1 January 2018
Amendments to MFRS 140	
- Transfer of Investment Property	1 January 2018
IC Interpretation 22 – Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16 – Leases	1 January 2019
Amendments to MFRS 9	
– Prepayments Features with Negative Compensation	1 January 2019
Amendments to MFRS 128 – Long term Interest in Associates and Joint Ventures	1 January 2019
MFRS 17 – Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 – Sale of Contribution of Assets between an Investor and its Associate of Joint Venture	To be announced

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### **A2. Auditors' report of preceding annual audited financial statements**

The auditors' report on the preceding year audited financial statements was not subject to any qualification.

### **A3. Seasonal or cyclical factors**

The businesses of the Group were not affected by seasonal or cyclical factors.

### **A4. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial period-to-date.

### **A5. Material changes in estimates**

There were no changes in the estimates of amounts reported in prior financial years that had a material effect on the current financial quarter and financial period-to-date.

### **A6. Debt and equity securities**

For the current financial quarter ended 28 February 2018, there is no change in equity.

	<b>No. of shares issued (units)</b>
Issued and paid-up share capital As at 30 November 2017	412,235,520
Changes:	
Conversion of warrants to shares	<u>-</u>
Issued and paid-up share capital As at 28 February 2018	<u>412,235,520</u>

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## SCH GROUP BERHAD (972700-P)

### A7. Segmental information

The Group's revenue was derived from four (4) main business segments, namely the following: -

	Individual Quarter Ended		Cumulative Quarter Ended	
	28 Feb 2018 RM'000	28 Feb 2017 RM'000	28 Feb 2018 RM'000	28 Feb 2017 RM'000
Quarry industrial products	3,219	4,252	7,307	8,986
Quarry machinery, quarry equipment and reconditioned quarry machinery	1,897	2,030	6,922	2,497
Spare parts for quarry machinery, quarry equipment and reconditioned quarry machinery	985	1,245	2,695	3,504
Manufacturing and distribution of quarry grill	620	808	1,464	1,715
Total	<u>6,721</u>	<u>8,335</u>	<u>18,388</u>	<u>16,702</u>

No other segmental information such as segment assets, liabilities and results are presented as the Group is principally engaged in one industry that is the quarry industry.

### A8. Dividend Paid

No dividend was paid during the current quarter under review.

### A9. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter.

### A10. Capital commitments

Capital commitment contracted for the renovation of the Group's new office building has been fulfilled. New office building was occupied and in full operations since 21 January 2018.

There were no capital commitments incurred or known to be incurred by the Group as at 28 February 2018.

### A11. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial quarter.

**A12. Contingent liabilities and contingent assets**

There were no contingent assets as at the date of this interim financial report.

Save as disclosed below, there were no other contingent liabilities incurred or known to be incurred which upon becoming enforceable, may have a material impact on the profit after tax or net assets of the Group: -

	<b>RM'000</b>
Foreign exchange forward contract	1,382

As at 28 February 2018, the Company has provided corporate guarantees amounting to RM55.13 million to various financial institutions for banking facilities granted to certain subsidiary companies.

**A13. Material events subsequent to the end of the quarter**

There were no other material events subsequent to the end of current quarter and financial period-to-date that have not been reflected in this interim financial report.

**A14. Related party transactions**

Transaction with companies in which Directors have interest for the current quarter ended 28 February 2018 was as follows: -

	<b>Current Quarter ended 28 Feb 2018 RM'000</b>	<b>Cumulative Quarter ended 28 Feb 2018 RM'000</b>
Rental of factory	3	6
Transportation charges paid	11	11
Sale of industrial products and spare parts	25	26
	<hr/> 39	<hr/> 43

The transactions were carried out in the ordinary course of business and on normal commercial terms.

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## SCH GROUP BERHAD (972700-P)

### B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

#### B1. Review of performance for current quarter and financial period to date

	<--Individual quarter-->				<--Cumulative quarter-->			
	Unaudited 28 Feb 2018 RM'000	Unaudited 28 Feb 2017 RM'000	Changes RM'000	Changes (%)	Unaudited 28 Feb 2018 RM'000	Unaudited 28 Feb 2017 RM'000	Changes RM'000	Changes (%)
Revenue	6,721	8,335	(1,614)	-19.36%	18,388	16,702	1,686	10.09%
Operating (loss)/profit	(1,359)	24	(1,383)	-5762.50%	322	588	(266)	-45.24%
(Loss)/Profit before interest and taxation	(778)	188	(966)	-513.83%	1,687	888	799	89.98%
(Loss)/Profit before taxation	(891)	80	(971)	-1213.75%	1,367	693	674	97.26%
(Loss)/Profit after taxation	(772)	61	(833)	-1365.57%	892	445	447	100.45%

#### **Q2/2018 compared to Q2/2017**

For the current quarter ended 28 February 2018, the Group recorded revenue of RM6.72 million as compared to RM8.34 million in the corresponding quarter ended 28 February 2017, a decrease of RM1.61 million or 19.36%.

As disclosed in Note A7, the supply of quarry industrial products segment is the largest revenue contributor for the Group for the quarter under review and accounted for 47.89% of the Group's revenue. However, revenue for this segment decreased by RM1.03 million or 24.29% from RM4.25 million in the corresponding quarter ended 28 February 2017 to RM3.22 million for the current quarter under review. The overall weaker demand was due to the shorter operation days of quarry production and also the many festive holidays in December to February.

The Group's administrative, selling and distribution expenses have been manageable. Total operating expenses for the quarter under review were RM3.31 million as compared to RM3.21 million in the comparable quarter of last year, representing a minimal increase of 3.31% or RM0.11 million. The increase in the operating expenses was due to upkeep of premises and general insurance incurred for the new office building.

As a result of a decline in revenue, the Group recorded an operating loss of RM1.36 million for the quarter under review, as compared to an operating profit of RM0.02 million in the corresponding quarter ended 28 February 2017.

For the quarter under review, the Group's other operating income stood at RM0.58 million as compared to RM0.16 million in the comparable quarter of last year due to gain on disposal of fully depreciated motor vehicles and realised and unrealised foreign exchange gain.

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The Group registered a loss before tax of RM0.89 million as compared to a profit before tax of RM0.08 million in the corresponding quarter ended February 2017 amid a higher other operating income; mainly dragged down by higher proportionate cost of sales.

### **Cumulative 6 MTHS/2018 compared to cumulative 6MTHS/2017**

For the cumulative quarter ended 28 February 2018, the Group's revenue has increased by 10.09% to RM18.39 million as compared to RM16.70 million in the corresponding cumulative quarter ended 28 February 2017.

As disclosed in Note A7, the supply of quarry machinery, quarry equipment and reconditioned quarry machinery segment contributed a cumulative revenue of RM6.92 million as compared to RM2.50 million in the corresponding cumulative quarter ended 28 February 2017; an improvement of RM4.43 million. The improvement was mainly due to more units of crawler drills being sold in the cumulative quarter ended 28 February 2018.

For the current cumulative quarter under review, the Group recorded a profit before tax of RM1.37 million as compared to a profit before tax of RM0.69 million in the comparable cumulative quarter of last year, an increase of 97.26%. The exceptionally high profit before tax was due to high operating income recognised from gain on disposal of property, plant and equipment, realised and unrealised foreign exchange gain incurred on the back of strengthening of MYR against USD and insurance claim.

### **B2. Comparison with immediate preceding quarter's results and segmental analysis**

	<b>&lt;----- Quarter ended ----&gt;</b>			
	<b>Unaudited</b>	<b>Unaudited</b>		
	<b>28 Feb 2018</b>	<b>30 Nov 2017</b>	<b>Changes</b>	<b>Changes</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>(%)</b>
Revenue	6,721	11,667	(4,946)	-42.39
Operating (loss)/profit	(1,359)	1,681	(3,040)	-180.84
(Loss)/Profit before interest and taxation	(778)	2,465	(3,243)	-131.56
(Loss)/Profit before taxation	(891)	2,258	(3,149)	-139.46
(Loss)/Profit after taxation	(772)	1,664	(2,436)	-146.39

The Group's revenue for the current quarter ended 28 February 2018 decreased by RM4.95 million or 42.39% to RM6.72 million as compared to RM11.67 million in the preceding quarter ended 30 November 2017.

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	<--Individual quarter-->			
	Unaudited	Unaudited	Changes	Changes
	28 Feb 2018	30 Nov 2017	RM'000	(%)
	RM'000	RM'000		
Quarry industrial products	3,219	4,088	(869)	-21.26%
Quarry machinery, quarry equipment and reconditioned quarry machinery	1,897	5,025	(3,128)	-62.25%
Spare parts for quarry machinery, quarry equipment and reconditioned quarry machinery	985	1,711	(726)	-42.43%
Manufacturing and distribution of quarry grill	620	843	(223)	-26.45%
Total	<u>6,721</u>	<u>11,667</u>	(4,946)	-42.39%

All four main business segments recorded a decline in revenue and the supply of quarry machinery, quarry equipment and reconditioned quarry machinery segment recorded the highest percentage drop of more than 50% compared to preceding quarter. The overall weaker demand was anticipated due to the shorter operation days of quarry production and also the many festive holidays in December to February.

For the quarter under review, the Group registered a loss before taxation of RM0.89 million compared to a profit before taxation of RM2.26 million in the immediate preceding quarter. The higher administrative, selling and distribution expenses recorded in the current quarter were mainly due to payment of bonuses and commission to staff.

### B3. Prospects

The Board remain optimistic with the prospects of SCH Group and sees various opportunities that the Group are able to capitalise to maintain its growth trajectory. On the domestic front, the quarrying and construction industries remain a key contributor to the Group's overall revenue. The construction industry and ongoing infrastructure projects are expected to boost the demand for quarry products which in turn drive the demand for the quarry machinery and equipment market.

Based on the foregoing, the Board remains optimistic and positive on the Group's performance for the financial year ending 2018 and beyond.

### B4. Profit forecast

The Group does not have any profit forecast in the public documents.

## SCH GROUP BERHAD (972700-P)

### B5. Taxation

	Individual Quarter Ended		Cumulative Quarter Ended	
	28 Feb 2018	28 Feb 2017	28 Feb 2018	28 Feb 2017
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current financial period	(119)	19	475	248

The applicable income tax rate is 24% except for the Group's subsidiary company Italiaworld Pte Ltd and Sin Chee Heng (Cambodia) Company Limited which is calculated at the statutory rate of 17% based on Singapore tax rate and 20% based Cambodia tax rate respectively. For the current quarter under review, a tax reversal of RM0.12 million was made due to an overprovision of tax in the preceding quarter. The Group's effective tax rate is higher than the statutory rate of 24% mainly due to the non-deductibility of certain expenses for tax purposes.

### B6. Status of corporate proposals announced

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of this report:

On the 8 January 2018, the Company announced a proposal to undertake an issuance of up to 103,000,000 new ordinary shares in SCH ("Placement Shares") to independent third-party investors ("Proposed Private Placement"), representing approximately 25.0% of the issued shares in the Company.

On the 2 February 2018, the Company entered into a conditional share sale agreement with Hextar Holdings Sdn Bhd (HHSB) for the proposed acquisition of the entire equity interest in TK Tent & Air-Conditioning Rental Sdn Bhd ("TK Tent") for a cash consideration of RM50,000,000 ("Proposed Acquisition of TK Tent"). The Company also proposes to seek shareholders' approval for the diversification of its existing business to include the event equipment supply business segment ("Proposed Diversification Into the Event Equipment Supply Business Segment").

On 7 March 2018, the Company entered into a conditional share sale agreement with PK Fertilizers Sdn Bhd for the proposed acquisition of 83.33% equity interest in PK Fertilizers (Sarawak) Sdn Bhd ("PKF Sarawak") for a purchase consideration of RM19,054,811 which shall be satisfied via a combination of cash amounting to RM11,454,811 and the issuance of 40,000,000 new ordinary shares in SCH ("Consideration Shares") at an issue price of RM0.19 per Consideration Share ("Proposed Acquisition of PKF Sarawak"). The Company also proposes to seek shareholders' approval for the diversification of its existing business to include the fertiliser business segment ("Proposed Diversification Into the Fertiliser Business Segment").

Further to the announcement made on 2 February 2018, the Company had on 6 April 2018 entered into a supplemental share sale agreement with HHSB to enable the Company to pay any shortfall of the minimum loan amount for the funding of the purchase consideration on a deferred basis not later than 14 days from the closing of the financial year ending 2020 of TK Tent. Other salient terms of the Proposed Acquisition of TK Tent remains unchanged.

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### B6. Status of corporate proposals announced (con't)

(Collectively "Proposed Private Placement", "Proposed Acquisition of TK Tent", "Proposed Diversification Into the Event Equipment Supply Business Segment", "Proposed Acquisition of PKF Sarawak" and "Proposed Diversification Into the Fertiliser Business Segment" referred to as the "Proposals")

On 6 April 2018, the additional listing application for the Proposed Private Placement and Proposed Acquisition of PKF Sarawak and the draft circular to shareholders in relation to the Proposals have been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") for their review and approval.

The Proposals are subject to the following approvals being obtained:

1. Bursa Securities, for the listing of and quotation for the Placement Shares and Consideration Shares on the ACE Market of Bursa Securities;
2. The shareholders of SCH at an extraordinary general meeting to be convened for the Proposals; and
3. Any other relevant authorities, if required.

### B7. Borrowings

The Group's borrowings were as follows: -

	<b>As at 28 Feb 2018 RM'000</b>	<b>As at 31 Aug 2017 RM'000</b>
<b>Secured</b>		
Bill payables	2,879	6,780
Hire purchases	1,100	478
Foreign currency loans against import	5,277	5,060
Term loan	4,231	4,302
<b>Total bank borrowings</b>	<b>13,487</b>	<b>16,620</b>
<b>Short Term</b>		
Bill payables	2,879	6,780
Hire purchases	225	161
Foreign currency loans against import	5,277	5,060
Term loan	344	191
	<u>8,725</u>	<u>12,192</u>
<b>Long Term</b>		
Hire purchases	875	317
Term loan	3,887	4,111
	<u>4,762</u>	<u>4,428</u>

Note: There are no foreign currency denomination borrowings.

## SCH GROUP BERHAD (972700-P)

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### B8. Changes in material litigation

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or of any fact likely to give rise to any proceedings.

### B9. Dividend

No dividend was proposed for the financial quarter.

### B10. Earnings per share

#### a) Basic

The basic earnings per share is calculated based on the Group's profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares as follows:

	Individual Quarter ended		Cumulative Quarter ended	
	28 Feb 2018 RM'000	28 Feb 2017 RM'000	28 Feb 2018 RM'000	28 Feb 2017 RM'000
(Loss)/Profit attributable to ordinary equity holders of the Group	(772)	61	892	445
Weighted average number of ordinary shares in issue ('000)	412,235	412,235	412,235	412,235
(Loss)/earnings per share (sen)				
- Basic	(0.19)	0.01	0.22	0.11

#### b) Diluted

	Individual Quarter ended		Cumulative Quarter ended	
	28 Feb 2018 RM'000	28 Feb 2017 RM'000	28 Feb 2018 RM'000	28 Feb 2017 RM'000
(Loss)/Profit attributable to ordinary equity holders of the Group	(772)	61	892	445
Weighted average number of ordinary shares in issue ('000)	412,235	412,235	412,235	412,235

## SCH GROUP BERHAD (972700-P)

Adjustment for dilutive effect on conversion of warrants ('000)	206,116	206,116	206,116	206,116
Total	618,351	618,351	618,351	618,351
Diluted (loss)/earnings per share (sen)	(0.12)	* (1)	0.14	0.07

Note: (1) Amount represent less than 0.01 sen

### B11. Retained and unrealised profits/losses

	As at 28 Feb 2018 RM'000	As at 31 Aug 2017 RM'000
Total retained earnings of the Group		
- Realised	37,018	36,174
- Unrealised	457	409
Total retained profits as per statement of financial position	<u>37,475</u>	<u>36,583</u>

### B12. Disclosure on selected expense/income items as required by the Listing Requirements

	Quarter ended 28 Feb 2018 RM'000	Year-to- date ended 28 Feb 2018 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Depreciation of property plant and equipment	271	502
Interest expenses	113	320
Interest income	(56)	(126)
Gain on disposal of property, plant and equipment	(232)	(635)
(Gain)/Loss on foreign exchange		
- realised	(57)	(101)
- unrealised	(195)	(192)

### B13. Comparative figures

Comparatives figures, where applicable, have been modified to conform to the current presentation.

**BY ORDER OF THE BOARD**  
**17 April 2018**