



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

**Interim Financial Report**  
**For the Third (3rd) Quarter ended**  
**31 May 2018**

## SCH GROUP BERHAD (972700-P)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 31 MAY 2018

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Unaudited 31 May 2018 RM'000	Unaudited 31 May 2017 RM'000	Unaudited 31 May 2018 RM'000	Unaudited 31 May 2017 RM'000
Revenue	9,183	15,101	27,571	31,803
Cost of Sales	(5,642)	(11,561)	(17,939)	(21,696)
Gross Profit	3,541	3,540	9,632	10,107
Other operating income	577	269	1,942	569
Administrative expenses	(2,481)	(2,342)	(7,265)	(7,436)
Selling and distribution expenses	(466)	(396)	(1,451)	(1,281)
Profit from operations	1,171	1,071	2,858	1,959
Finance costs	(174)	(96)	(494)	(292)
Profit before taxation	997	975	2,364	1,667
Taxation	(236)	(260)	(711)	(508)
Profit after taxation	761	715	1,653	1,159
Other comprehensive income after tax:				
Exchange translation differences for foreign operations	11	(32)	(83)	89
Total comprehensive income for the financial period	772	683	1,570	1,248
<b>PAT ATTRIBUTABLE TO:</b>				
- Owners of the company	761	715	1,653	1,159
<b>TOTAL COMPREHENSIVE (LOSS)/ INCOME ATTRIBUTABLE TO:</b>				
- Owners of the company	772	683	1,570	1,248
Weighted average no. of ordinary shares ('000)	412,235	412,235	412,235	412,235
Earnings per share attributable to owners of the company (sen):				
- Basic	0.18	0.17	0.40	0.28
- Diluted	0.12	0.12	0.27	0.19

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 31 MAY 2018

	Unaudited As at 31 May 2018 RM'000	Audited As at 31 Aug 2017 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSET</b>		
Property, plant and equipment	25,702	23,927
<b>CURRENT ASSETS</b>		
Inventories	23,974	22,232
Trade receivables	18,325	20,475
Other receivables, prepayments and deposits	2,379	3,397
Tax recoverable	2,088	1,925
Fixed deposit with a licensed bank	8,037	9,085
Cash and bank balances	2,704	3,044
	57,507	60,158
Assets classified as held for sale	-	377
	57,507	60,535
<b>TOTAL ASSETS</b>	<b>83,209</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	193	276
Retained earnings	38,236	36,583
<b>TOTAL EQUITY</b>	<b>66,043</b>	<b>64,473</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	1,117	1,950
Other payables	1,250	1,254
Amount owing to directors	-	19
Hire purchase payables	369	161
Bank borrowings	9,313	12,032
Tax payable	-	37
	12,049	15,453

## SCH GROUP BERHAD (972700-P)

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2018 (Cont'd)

	<b>Unaudited As at 31 May 2018 RM'000</b>	<b>Audited As at 31 Aug 2017 RM'000</b>
<b>NON-CURRENT LIABILITIES</b>		
Hire purchase payables	1,166	317
Bank borrowings	3,843	4,111
Deferred tax liabilities	108	108
	<u>5,117</u>	<u>4,536</u>
<b>TOTAL LIABILITIES</b>	<b>17,166</b>	<b>19,989</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>83,209</b>	<b>84,462</b>
<b>NET ASSET PER SHARE (sen)</b>	<b>16.02</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 THIRD (3<sup>RD</sup>) QUARTER ENDED 31 MAY 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					1,653	1,653
Other comprehensive income for the financial period				(83)		(83)
Total comprehensive income for the financial period				(83)	1,653	1,570
Balance as at 31 May 2018	52,129	-	(24,515)	193	38,236	66,043

<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					1,159	1,159
Other comprehensive income for the financial period				89		89
Total comprehensive income for the financial period				89	1,159	1,248
Conversion of warrants to shares	1					1
Balance as at 31 May 2017	41,224	10,906	(24,515)	294	35,920	63,829

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 THIRD (3<sup>RD</sup>) QUARTER ENDED 31 MAY 2018

	Unaudited 9 months ended 31 May 2018 RM'000	Unaudited 9 months ended 31 May 2017 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	2,364	1,667
Adjustment for:		
Bad debts written off	-	6
Depreciation of property, plant and equipment	797	720
Interest expenses	494	292
Gain on disposal of property, plant and equipment	(1,098)	(82)
Property, plant and equipment written off	7	-
Interest income	(196)	(205)
Reversal of impairment on trade receivables	(24)	-
Unrealised loss on foreign exchange	41	-
Operating profit before working capital changes	2,385	2,398
<b>Changes in working capital:</b>		
Inventories	(1,704)	2,423
Trade and other receivables	3,188	(6,257)
Trade and other payables	(836)	3,811
Amount due to directors	(19)	-
	629	(23)
Cash generated from operations	3,014	2,375
Interest received	196	205
Interest paid	(494)	(292)
Tax refund	-	118
Tax paid	(911)	(1,116)
Exchange differences	(115)	84
	(1,324)	(1,001)
Net cash from operating activities	1,690	1,374
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(1,590)	(1,540)
Proceed from disposal of property, plant and equipment	1,786	82
Net cash from/(used in) investing activities	196	(1,458)

## SCH GROUP BERHAD (972700-P)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 31 MAY 2018 (Con't)

	<b>Unaudited 9 months ended 31 May 2018 RM'000</b>	<b>Unaudited 9 months ended 31 May 2017 RM'000</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of shares	-	* (1)
Increase/(Decrease) in foreign currency trade loans	1,289	(209)
Repayment of hire purchase payables	(248)	(74)
(Repayment)/drawdown of term loan	(111)	2,963
Changes on bankers' acceptance & trust receipts	(4,725)	352
Increase in fixed deposits pledged	(735)	(57)
Dividend paid	-	(1,443)
Net cash (used in)/from financing activities	<u>(4,530)</u>	<u>1,532</u>
Net (decrease)/increase in cash and cash equivalents	(2,644)	1,448
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>6,970</u></b>	<b><u>7,463</u></b>
<b>Cash and cash equivalents at end of the financial period comprises:</b>		
- Fixed deposits placed with licensed banks	8,037	7,174
- Cash and bank balances	2,704	2,785
- Bank overdraft	(521)	-
	<u>10,220</u>	<u>9,959</u>
Less: Fixed deposits pledged with a licensed bank	(3,250)	(2,496)
	<b><u>6,970</u></b>	<b><u>7,463</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 31 MAY 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



## SCH GROUP BERHAD (972700-P)

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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 31 May 2018, there is no change in equity.

	<b>No. of shares issued (units)</b>
Issued and paid-up share capital As at 28 February 2018	412,235,520
Changes:	
Conversion of warrants to shares	<u>-</u>
Issued and paid-up share capital As at 31 May 2018	<u>412,235,520</u>

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## SCH GROUP BERHAD (972700-P)

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### A7. Segmental information

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	31 May 2018 RM'000	31 May 2017 RM'000	31 May 2018 RM'000	31 May 2017 RM'000
Quarry industrial products	4,546	5,078	11,853	14,063
Quarry machinery, quarry equipment and reconditioned quarry machinery	2,443	2,208	9,365	4,705
Spare parts for quarry machinery, quarry equipment and reconditioned quarry machinery	1,360	1,224	4,056	4,728
Manufacturing and distribution of quarry grill	834	918	2,297	2,634
Asphalt mixing plant (batch & drum mix)	-	5,673	-	5,673
Total	9,183	15,101	27,571	31,803

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

There were no capital commitments incurred or known to be incurred by the Group as at 31 May 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	1,211

As at 31 May 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 31 May 2018 was as follows: -

	<b>Current Quarter ended 31 May 2018 RM'000</b>	<b>Cumulative Quarter ended 31 May 2018 RM'000</b>
Rental of factory	-	6
Transportation charges paid	8	19
Disposal of motor vehicle	40	40
Sale of industrial products and spare parts	49	75
	<hr/> 97	<hr/> 140

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

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**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 31 May 2018 RM'000	Unaudited 31 May 2017 RM'000	Changes RM'000	Changes (%)	Unaudited 31 May 2018 RM'000	Unaudited 31 May 2017 RM'000	Changes RM'000	Changes (%)
Revenue	9,183	15,101	(5,918)	-39.19%	27,571	31,803	(4,232)	-13.31%
Operating profit	594	802	(208)	-25.94%	916	1,390	(474)	-34.10%
Profit before interest and taxation	1,171	1,071	100	9.34%	2,858	1,959	899	45.89%
Profit before taxation	997	975	22	2.26%	2,364	1,667	697	41.81%
Profit after taxation	761	715	46	6.43%	1,653	1,159	494	42.62%

**Q3/2018 compared to Q3/2017**

For the current quarter ended 31 May 2018, the Group recorded revenue of RM9.18 million as compared to RM15.10 million in the corresponding quarter ended 31 May 2017, a decrease of RM5.92 million or 39.19%. The higher revenue recorded in the previous corresponding quarter ended 31 May 2017 was due to the sale of an asphalt mixing plant.

Total operating expenses for the quarter under review were RM2.95 million as compared to RM2.74 million in the comparable quarter of last year, representing an increase of 7.63% or RM0.21 million. The Group's administrative, selling and distribution expenses have increase slightly due to professional fees incurred for the corporate proposals undertaken by the Group.

The Group's operating profit for the quarter under review dropped by RM0.21 million to RM0.59 million as compared to an operating profit of RM0.80 million in the corresponding quarter ended 31 May 2017 due to a drop in revenue and also an increase in operating expenses.

For the quarter under review, the Group's other operating income stood at RM0.58 million as compared to RM0.27 million in the comparable quarter of last year due to gain on disposal of a fully depreciated low loader, a 1 ½ storey terrace factory in Johor and realised foreign exchange gain.

The Group recorded a profit before tax of RM1.00 million as compared to a profit before tax of RM0.98 million in the corresponding quarter ended 31 May 2017.

**B1. Review of performance for current quarter and financial period to date (cont')**

**Cumulative 9MTHS/2018 compared to cumulative 9MTHS/2017**

For the cumulative quarter ended 31 May 2018, the Group's revenue has decreased by 13.31% to RM27.57 million as compared to RM31.80 million in the corresponding cumulative quarter ended 31 May 2017.

Overall, as disclosed in Note A7, the supply of quarry machinery, quarry equipment and reconditioned quarry machinery segment remained vibrant which contributed a cumulative revenue of RM9.37 million as compared to RM4.71 million in the corresponding cumulative quarter ended 31 May 2017; an improvement of RM4.66 million or 99.04%.

For the current cumulative quarter under review, the Group recorded a profit before tax of RM2.36 million as compared to a profit before tax of RM1.67 million in the comparable cumulative quarter of last year, an increase of 41.81%. This was due to operating income recognised from gain on disposal of property, plant and equipment, realised foreign exchange gain and insurance claim.

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

	<----- Quarter ended ---->			
	Unaudited 31 May 2018 RM'000	Unaudited 28 Feb 2018 RM'000	Changes RM'000	Changes (%)
Revenue	9,183	6,721	2,462	36.63
Operating profit/(loss)	594	(1,359)	1,953	143.71
Profit/(loss) before interest and taxation	1,171	(778)	1,949	250.51
Profit/(loss) before taxation	997	(891)	1,888	211.90
Profit/(loss) after taxation	761	(772)	1,533	198.58

The Group's revenue for the current quarter ended 31 May 2018 increased by RM2.46 million or 36.63% to RM9.18 million as compared to RM6.72 million in the preceding quarter ended 28 February 2018. Higher revenue was recorded due to an increase in demand after long period of festive holidays in the second quarter.

For the quarter under review, the Group registered an operating profit of RM0.59 million as compared to an operating loss of RM1.36 million. The improvements were due to improved gross profit margin and reduction in operating expenses in the quarter under review. Operating expenses were higher in the preceding quarter due to bonuses and commissions payout.

## SCH GROUP BERHAD (972700-P)

### B2. Comparison with immediate preceding quarter's results and segmental analysis (cont')

	<--Individual quarter-->		Changes RM'000	Changes (%)
	Unaudited 31 May 2018 RM'000	Unaudited 28 Feb 2018 RM'000		
Quarry industrial products	4,546	3,219	1,327	41.22%
Quarry machinery, quarry equipment and reconditioned quarry machinery	2,443	1,897	546	28.78%
Spare parts for quarry machinery, quarry equipment and reconditioned quarry machinery	1,360	985	375	38.07%
Manufacturing and distribution of quarry grill	834	620	214	34.52%
Total	<u>9,183</u>	<u>6,721</u>	2,462	36.63%

All four main business segments recorded an increase in revenue and the supply of quarry industrial products segment recorded the highest percentage increase of more than 40% compared to preceding quarter. Quarry production operations were back to normal after a sluggish second quarter of shorter operation days of quarry production and also the many festive holidays in December to February.

### 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. To mitigate its dependence on its existing business portfolio and activities, the Group has put in placed plans to diversify its earnings base and enhance its revenue and profitability.

SCH Group has received approvals from shareholders for the acquisition of TK Tent & Air-Conditioning Rental Sdn Bhd and PK Fertilizers (Sarawak) Sdn Bhd and its diversification into event equipment and fertilisers supply with the recent concluded Extraordinary General Meeting held on 6 July 2018.

The Board expects the acquisition and diversification will contribute to the net profits and net assets position of the Group moving forward.

### 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	
	31 May 2018 RM'000	31 May 2017 RM'000	31 May 2018 RM'000	31 May 2017 RM'000
Income tax expense				
- Current financial period	347	346	822	594
- (Over) provision in prior year	(111)	(86)	(111)	(86)
	<u>236</u>	<u>260</u>	<u>711</u>	<u>508</u>

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. The Group's effective tax rate for cumulative quarter 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-Event Equipment").

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.

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 - Fertilisers").

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

(Collectively Proposed Private Placement, Proposed Acquisition of TK Tent, Proposed Diversification – Event Equipment, Proposed Acquisition of PKF Sarawak and Proposed Diversification – Fertilisers, referred to as the “Proposals”)

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 was submitted to Bursa Malaysia Securities Berhad for review on 6 April 2018.

On 14 June 2018, Bursa Malaysia Securities Berhad had granted approval for the additional listing application for the Proposed Private Placement and Proposed Acquisition of PKF Sarawak and circular to shareholders in relation to the Proposals.

The shareholders of the Company have at its Extraordinary General Meeting held on 6 July 2018 approved the Proposals.

On 16 July 2018, the Company had fixed the second tranche issue price of the Placement Shares at RM0.15 per Placement Share to be issued pursuant to the Proposed Private Placement.

On 18 July 2018, the Company announced that the Company’s solicitors had via its letter dated 18 July 2018 confirmed that all conditions precedent stated in the conditional share sale agreements entered by the Company for the Proposed Acquisition of TK Tent and Proposed Acquisition of PKF Sarawak have been fulfilled.

On 25 July 2018, the Company announced the completion of the Proposed Private Placement following the listing of 103,000,000 Placement Shares on the ACE Market of Bursa Malaysia Securities Berhad on 18 July 2018 and 25 July 2018.

**B7. Borrowings**

The Group’s borrowings were as follows: -

	<b>As at 31 May 2018 RM'000</b>	<b>As at 31 Aug 2017 RM'000</b>
<b>Secured</b>		
Bank overdraft	521	-
Bill payables	2,055	6,780
Hire purchases	1,535	478
Foreign currency loans against import	6,388	5,060
Term loan	4,192	4,303
<b>Total bank borrowings</b>	<b>14,691</b>	<b>16,621</b>
<b>Short Term</b>		
Bank overdraft	521	-
Bill payables	2,055	6,780
Hire purchases	369	161
Foreign currency loans against import	6,388	5,060
Term loan	349	192
	<b>9,682</b>	<b>12,193</b>



## SCH GROUP BERHAD (972700-P)

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### B7. Borrowings (con't)

#### Long Term

Hire purchases	1,166	317
Term loan	3,843	4,111
	<u>5,009</u>	<u>4,428</u>

Note: There are no foreign currency denomination borrowings.

### 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	
	31 May 2018	31 May 2017	31 May 2018	31 May 2017
Profit attributable to ordinary equity holders of the Group (RM'000)	761	715	1,653	1,159
Weighted average number of ordinary shares in issue ('000)	412,235	412,235	412,235	412,235
Earnings per share (sen)				
- Basic	0.18	0.17	0.40	0.28

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## SCH GROUP BERHAD (972700-P)

### B10. Earnings per share (con't)

#### b) Diluted

	Individual Quarter ended		Cumulative Quarter ended	
	31 May 2018	31 May 2017	31 May 2018	31 May 2017
Profit attributable to ordinary equity holders of the Group (RM'000)	761	715	1,653	1,159
Weighted average number of ordinary shares in issue ('000)	412,235	412,235	412,235	412,235
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 earnings per share (sen)	0.12	0.12	0.27	0.19

### B11. Retained and unrealised profits/losses

	As at 31 May 2018 RM'000	As at 31 Aug 2017 RM'000
Total retained earnings of the Group		
- Realised	38,011	36,174
- Unrealised	225	409
Total retained profits as per statement of financial position	<u>38,236</u>	<u>36,583</u>

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**12. Disclosure on selected expense/income items as required by the Listing Requirements**

	<b>Quarter ended 31 May 2018 RM'000</b>	<b>Year-to- date ended 31 May 2018 RM'000</b>
Profit before taxation is arrived at after charging/(crediting):-		
Depreciation of property plant and equipment	295	797
Interest expenses	174	494
Interest income	(70)	(196)
Gain on disposal of property, plant and equipment	(463)	(1,098)
(Gain)/Loss on foreign exchange		
- realised	(194)	(295)
- unrealised	233	41
Reversal of impairment on trade receivables	(17)	(24)

**B13. Comparative figures**

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

**BY ORDER OF THE BOARD**  
**30 July 2018**