



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

**Interim Financial Report**  
**For the Second (2nd) Quarter Ended**  
**28 February 2019**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 28 FEBRUARY 2019**

	<-- Individual Quarter -->		←- Cumulative Quarter -->	
	Unaudited 28.02.2019 RM'000	Unaudited 28.02.2018 RM'000	Unaudited 28.02.2019 RM'000	Unaudited 28.02.2018 RM'000
Revenue	22,602	6,721	56,676	18,388
Cost of Sales	(18,031)	(4,767)	(45,641)	(12,297)
Gross Profit	4,571	1,954	11,035	6,091
Other operating income	3,226	581	3,393	1,365
Administrative expenses	(5,441)	(2,712)	(10,487)	(4,784)
Selling and distribution expenses	(517)	(601)	(897)	(985)
Profit/(Loss) from operations	1,839	(778)	3,044	1,687
Finance costs	(1,049)	(113)	(1,991)	(320)
Profit/(Loss) before taxation	790	(891)	1,053	1,367
Taxation	(203)	119	(402)	(475)
Profit/(Loss) for the financial period	587	(772)	651	892
Other comprehensive income/(loss):				
Foreign currency translation differences	16	(38)	3	(95)
Total comprehensive income/(loss) for the financial period	603	(810)	654	797
<b>Profit/(Loss) for the period attributed to:</b>				
- Owners of the company	737	(772)	788	892
- Non-controlling interest	(150)	-	(137)	-
	587	(772)	651	892
<b>Total comprehensive income/(loss) attributable to:</b>				
- Owners of the company	753	(810)	791	797
- Non-controlling interest	(150)	-	(137)	-
	603	(810)	654	797
Weighted average no. of ordinary shares ('000)	555,512	412,235	555,512	412,235
Earnings/(Loss) per share:				
- Basic (sen)	0.13	(0.19)	0.14	0.22
- Diluted (sen)	0.10	(0.12)	0.10	0.14

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 2018 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 2019

	<b>Unaudited As at 28.02.2019 RM'000</b>	<b>Audited As at 31.08.2018 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	63,013	65,356
Goodwill on consolidation	28,757	28,757
	91,770	94,113
<b>CURRENT ASSETS</b>		
Inventories	31,835	32,580
Trade receivables	33,868	29,359
Other receivables, prepayments and deposits	2,785	2,152
Tax recoverable	1,825	2,934
Fixed deposit with licensed banks	4,723	8,367
Cash and bank balances	11,209	5,477
	86,245	80,869
Assets classified as held for sale	1,465	2,455
	87,710	83,324
<b>TOTAL ASSETS</b>	<b>179,480</b>	<b>177,437</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	75,918	75,918
Merger deficit reserve	(23,858)	(23,858)
Foreign currency translation reserves	13	10
Retained earnings	28,657	27,869
	80,730	79,939
Non-controlling interest	3,935	4,072
<b>TOTAL EQUITY</b>	<b>84,665</b>	<b>84,011</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	12,339	12,954
Other payables	4,095	3,398
Hire purchase and lease payables	504	424
Bank borrowings	18,110	13,494
Tax payable	35	32
	35,083	30,302

**SCH GROUP BERHAD (972700-P)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 28 FEBRUARY 2019 (CONTINUED)**

	<b>Unaudited As at 28.02.2019 RM'000</b>	<b>Audited As at 31.08.2018 RM'000</b>
<b>NON-CURRENT LIABILITIES</b>		
Hire purchase and lease payables	932	1,144
Bank borrowings	52,270	55,450
Deferred tax liabilities	6,530	6,530
	59,732	63,124
<b>TOTAL LIABILITIES</b>	<b>94,815</b>	<b>93,426</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>179,480</b>	<b>177,437</b>
<b>NET ASSET PER SHARE (sen)</b>	<b>15.24</b>	<b>15.12</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 2018 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 2019**

	<i>←-- Attributable to the Owners of the Company --&gt;</i>				<b>Total</b> <b>RM'000</b>	<b>Non</b> <b>Controlling</b> <b>Interest</b> <b>RM'000</b>	<b>Total</b> <b>Equity</b> <b>RM'000</b>
	<b>Share</b> <b>Capital</b> <b>RM'000</b>	<b>Merger</b> <b>Reserve</b> <b>RM'000</b>	<b>Translation</b> <b>Reserve</b> <b>RM'000</b>	<b>Retained</b> <b>Earnings</b> <b>RM'000</b>			
<b>Unaudited</b>							
Balance as at 1 September 2018	75,918	(23,858)	10	27,869	79,939	4,072	84,011
Profit for the financial period	-	-	-	788	788	(137)	651
Other comprehensive income for the financial period	-	-	3	-	3	-	3
Total comprehensive income for the financial period	-	-	3	788	791	(137)	654
Balance as at 28 February 2019	75,918	(23,858)	13	28,657	80,730	3,935	84,665

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

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 2018 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 2019

	<b>Unaudited 6 months ended 28.02.2019 RM'000</b>	<b>Unaudited 6 months ended 28.02.2018 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	1,053	1,367
Adjustment for:		
Depreciation of property, plant and equipment	1,981	502
Interest expenses	1,991	320
Gain on disposal of property, plant and equipment	(2,581)	(635)
Interest income	(97)	(126)
Unrealised loss/(gain) on foreign exchange	(178)	(192)
Reversal of impairment on trade receivables	-	(7)
Reversal of provision for slow moving inventories	(474)	-
Operating profit before working capital changes	1,695	1,229
<b>Changes in working capital:</b>		
Inventories	1,219	(251)
Trade and other receivables	(5,142)	1,899
Trade and other payables	82	635
Amount due to directors	-	(19)
	(3,841)	2,264
Cash (used in)/generated from operations	(2,146)	3,493
Interest received	97	126
Interest paid	(1,991)	(320)
Tax refund	1,860	-
Tax paid	(1,150)	(580)
Exchange differences	(3)	(124)
	(1,187)	(898)
Net cash (used in)/generated from operating activities	(3,333)	2,595
<b>Cash Flow From Investing Activities</b>		
Purchase of property, plant and equipment	(1,148)	(1,331)
Proceed from disposal of property, plant and equipment	5,081	1,028
Net cash from/(used in) investing activities	3,933	(303)

## SCH GROUP BERHAD (972700-P)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 28 FEBRUARY 2019 (CONTINUED)

	<b>Unaudited 6 months ended 28.02.2019 RM'000</b>	<b>Unaudited 6 months ended 28.02.2018 RM'000</b>
<b>Cash Flow From Financing Activities</b>		
Increase in foreign currency trade loans	1,260	411
Repayment of hire purchase payables	(132)	(113)
Repayment of term loan	(2,997)	(71)
Changes on bankers' acceptance & trust receipts	4,735	(3,901)
(Increase) in fixed deposits pledged	(56)	(709)
Net cash from/(used in) financing activities	<u>2,810</u>	<u>(4,383)</u>
Net increase/(decrease) in cash and cash equivalents	3,410	(2,091)
Cash and cash equivalents at beginning of the financial period	8,603	9,614
Cash and cash equivalents at end of the financial period	<b><u>12,013</u></b>	<b><u>7,523</u></b>
<b>Cash and cash equivalents at end of the financial period comprises:</b>		
- Fixed deposits placed with licensed banks	4,723	6,472
- Cash and bank balances	11,209	4,275
- Bank overdraft	(487)	-
	<u>15,445</u>	<u>10,747</u>
Less: Fixed deposits pledged with licensed banks	(3,432)	(3,224)
	<b><u>12,013</u></b>	<b><u>7,523</u></b>

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 2018 and the accompanying explanatory notes attached to this interim financial report.

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2019

##### 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 2018 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 2018. 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 16	Leases	1 January 2019
Amendment to MFRS 3	Annual Improvements to MFRSs 2015 – 2017 Cycle	1 January 2019
Amendments to MFRS 9	Prepayments Features with Negative Compensation	1 January 2019
Amendments to MFRS 11	Annual Improvements to MFRSs 2015 – 2017 Cycle	1 January 2019
Amendments to MFRS 112	Annual Improvements to MFRSs 2015 – 2017 Cycle	1 January 2019
Amendments to MFRS 119	Plan Amendments, Curtailment or Settlement	1 January 2019
Amendments to MFRS 123	Annual Improvements to MFRSs 2015 – 2017 Cycle	1 January 2019
Amendments to MFRS 128	Long term Interest in Associates and Joint Ventures	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatment	1 January 2019
Amendments to MFRS 2	Share-based payment	1 January 2020
Amendments to MFRS 3	Business Combinations	1 January 2020
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020



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Amendments to MFRS 134	Interim Financial Reporting	1 January 2020
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138	Intangible Assets	1 January 2020
Amendments to IC Interpretation 12	Service Concession Arrangements	1 January 2020
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
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

The Group and the Company plan to apply the above mentioned standards, amendments and interpretation when they become effective in the respective period.

The directors are currently assessing the impact of the adoption of the above standards, amendments to existing standards and interpretation on the financial statements in the period of initial application.

### **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**

There were no issuances, cancellations, repurchases, resales, repayments of debts and/or securities, shares held as treasury shares or the resale of treasury shares during the financial period ended 28 February 2019.

## SCH GROUP BERHAD (972700-P)

### A7. Segmental information

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

#### 6-months ended 28 February 2019

	Investment Holding RM'000	Quarry Industry RM'000	Equipment Rental Industry RM'000	Fertilizers Industry RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	-	14,052	6,528	36,096		56,676
Inter-segment sales	-	7,966	-	-	(7,966)	-
<b>Total</b>	<b>-</b>	<b>22,018</b>	<b>6,528</b>	<b>36,096</b>	<b>(7,966)</b>	<b>56,676</b>
<b>Results</b>						
Segment results	703	2,896	325	(85)	(1,000)	2,839
Finance costs	(1,060)	(294)	-	(638)	-	(1,992)
Finance income	10	87	-	-	-	97
Profit/(Loss) before taxation	(347)	2,689	325	(723)	(1,000)	944
Taxation	-	(113)	(78)	(102)	-	(293)
Profit/(Loss) after taxation	(347)	2,576	247	(825)	(1,000)	651

Segmental information are not presented in the corresponding quarter ended 28 February 2018 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 material capital commitments as at the date of this report.

### 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: -

As at 28 February 2019, the Company has provided corporate guarantees amounting to RM54.63 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 a Director has interest for the current quarter ended 28 February 2019 was as follows: -

	<b>Current Quarter ended 28.02.2019 RM'000</b>	<b>Cumulative Quarter ended 28.02.2019 RM'000</b>
Rental of factory	169	338
Hiring of lorry	49	98
Sale of industrial products and spare parts	15	59
Purchase of raw materials	-	1,809
Sales of fertilisers goods	151	151

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

	←Individual Quarter→				←Cumulative Quarter→			
	Unaudited 28.02.2019 RM'000	Unaudited 28.02.2018 RM'000	Changes RM'000	Changes (%)	Unaudited 28.02.2019 RM'000	Unaudited 28.02.2018 RM'000	Changes RM'000	Changes (%)
Revenue	22,602	6,721	15,881	236	56,676	18,388	38,288	208
Operating profit/(loss)	(1,387)	(1,359)	(28)	(2)	(349)	322	(671)	(208)
Profit/(Loss) before interest and taxation	1,730	(778)	2,508	322	2,935	1,687	1,248	74
Profit/(Loss) before tax	681	(891)	1,572	176	944	1,367	(423)	(31)
Profit/(Loss) after tax	587	(772)	1,359	176	651	892	(241)	(27)

#### **Q2/2019 compared to Q2/2018**

For the current quarter ended 28 February 2019, the Group recorded revenue of RM22.6 million as compared to RM6.7 million in the corresponding quarter ended 28 February 2018, an increase of RM15.9 million or 236%. The increase in revenue mainly due to contribution from two business sectors namely equipment rental supply and fertilizers industry amounted to RM3.9 million and RM12.6 million respectively. The detailed information of the results of each business sector is disclosed in Note A7.

The Group achieved a lower revenue in quarry industry sector mainly due to less activities from government infrastructure projects and property and construction sector.

The Group reported revenue of RM6.1 million for the quarter from quarry industry, a decrease of RM1.8 million or 22.8% as compared to the corresponding quarter of preceding year.

The Group's administration and selling & distribution expenses amounted to RM6.0 million for the quarter under review as compared to RM3.3 million recorded in the corresponding quarter of the preceding year. The increase in the operating expenses were due to the new business sectors operating costs amounted to RM3.1 million.

The Group's finance cost amounted to RM1.0 million for the quarter under review as compared to RM0.1 million. The increase is mainly due to additional interest costs incurred for term loans amounted to RM43 million secured for business acquisition purpose.

**Q2/2019 compared to Q2/2018 (Continued)**

The Group registered profit attributable to equity holding of the parent company of RM0.7 million as compared to loss of RM0.8 million for the corresponding quarter last year, mainly due to gain on disposal of properties (assets held for sales) amounted to RM2.5 million as disclosed in Note B11.

**Cumulative 6-months Q2/2019 compared to cumulative 6-months Q2/2018**

For the cumulative quarter ended 28 February 2019, the Group recorded revenue of RM56.7 million as compared to RM18.4 million in the corresponding cumulative quarter ended 28 February 2018, an increase of RM38.3 million or 208%. The increase in revenue mainly due to contribution from two business sectors namely equipment rental supply and fertilizers industry amounted to RM6.5 million and RM36.1 million respectively. The detailed information of the results of each business sector is disclosed in Note A7.

The Group achieved a lower revenue in quarry industry sector mainly due to slowdown in government infrastructure projects and property and construction sector.

The Group reported revenue of RM14 million for the cumulative quarter from quarry industry, a decrease of RM4.4 million or 24% as compared to the corresponding cumulative quarter of preceding year.

The Group's administration and selling & distribution expenses amounted to RM11.4 million for the cumulative quarter under review as compared to RM5.8 million. The increase in the operating expenses were due to the new business sectors operating costs amounted to RM6.0 million.

The Group's finance cost amounted to RM2.0 million for the cumulative quarter under review as compared to RM0.3 million. The increase is mainly due to additional interest costs incurred for term loans amounted to RM43 million secured for business acquisition purpose.

The Group reported a lower profit before tax of RM0.6 million as compared to RM0.9 million of profit for the preceding corresponding financial period.

The Group registered profit attributable to equity holding of the parent company of RM0.8 million as compared to RM0.9 million of profit for the corresponding cumulative quarter last year.

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## SCH GROUP BERHAD (972700-P)

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### B2. Comparison with immediate preceding quarter's results

	<-Individual Quarter-> Unaudited		Changes	Changes
	28.02.2019	30.11.2018	RM'000	(%)
	RM'000	RM'000		
Revenue	22,602	34,074	(11,472)	(34)
Operating (loss)/profit	(1,387)	1,035	(2,422)	(234)
Profit before interest and taxation	1,730	1,202	528	44
Profit before taxation	681	260	421	162
Profit after taxation	587	61	526	862

The Group revenue for the current quarter ended 28 February 2019 is reduced by RM11.5 million or 34% to RM22.6 million as compared to RM34.1 million in the preceding quarter ended 30 November 2018. The decrease is mainly due to decrease in sales in fertilisers industry sector. This is the normal business cycle for fertilisers industry where the demand of fertilisers supply is low for the period from December 2018 to January 2019. The main reason is due to raining season and festive holiday season (i.e. non-working days).

The Group's quarry industry recorded lower revenue of RM6.1 million as compared to RM7.9 million in the preceding quarter ended 30 November 2018. This is attributable to less activities in government infrastructure projects and property and construction sector during the festive holiday season.

The equipment rental supply sector achieved revenue of RM3.9 million which is higher than the preceding quarter of RM2.7 million. The increase in revenue is mainly due to improved economic environment with new projects initiated by the government. The additional revenue achieved is derived from events and exhibitions activities held in Malaysia and overseas countries.

The Group achieved higher profit before interest and taxation of RM1.7 million as compared with preceding quarter of RM1.2 million mainly due to gain derived from disposal of properties amounted to RM2.5 million.

## SCH GROUP BERHAD (972700-P)

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### B3. Prospects

The Board remain optimistic with the prospects of the Group because it has strategic direction to improve the revenue and bottom line by seeking new opportunities and venturing into new industry sectors namely equipment rental supply and fertilizers industry.

In addition, the government had revised mega infrastructure projects such as East Cost Railway Link (ECRL) project which have the positive impact to quarry industry.

The contribution from the new business sectors remain positive despite of their contribution in this current financial quarter are minimum. This is due to the consolidation and re-organisation of the business operation that involved current and new business sectors. The Group might benefit from the business operation consolidation and re-organization in the long term period.

The Board is of the view that, moving forward, the Group financial performance is expected to show a better improvement and is prepared to embrace the challenges ahead.

### B4. Profit forecast

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

### B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Ended		Ended	
	28.02.2019	28.02.2018	28.02.2019	28.02.2018
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current financial period	94	(119)	191	475
- Under provision in prior year	-	-	102	-
- Real property gain tax	109	-	109	-
	<u>203</u>	<u>(119)</u>	<u>402</u>	<u>475</u>

The applicable income tax rate is 24% except for a foreign subsidiary company namely Sin Chee Heng (Cambodia) Company Limited which is calculated at the statutory rate of 20% based on Cambodia's tax rate. The effective tax rate is higher than the Malaysian statutory tax rate due to the profit recorded in certain subsidiary companies and there is no group tax reliefs for tax losses derived from loss-making subsidiary companies.

## SCH GROUP BERHAD (972700-P)

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### **B6. Status of corporate proposals announced**

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

The Company had completed its private placement proposal on 18 July 2018 and 25 July 2018 respectively. The Company had successfully placed out 103,000,000 new SCH Group shares which raise cumulative gross proceeds of approximately RM17.55 million as detailed below. The Company has utilised the proceeds in the following manner:-

Purpose	Amount raised RM'000	Actual utilised RM'000	Timeframe for utilisation
i) Acquisition of new businesses	14,000	14,000	Within 18 months
ii) Expenses related to Private Placement	350	350	Within 1 month
iii) Working capital requirements	3,200	3,200	Within 12 months
	17,550	17,550	

There were no other corporate proposals announced but not completed as at the date of this announcement.

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## SCH GROUP BERHAD (972700-P)

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### B7. Borrowings

The Group's borrowings were as follows: -

	<b>As at 28.02.2019 RM'000</b>	<b>As at 31.08.2018 RM'000</b>
<b>Secured</b>		
Bank Overdraft	487	1,864
Bill payables	6,549	1,814
Hire purchases	1,436	1,568
Foreign currency loans against import Term loan	4,238	3,163
	59,106	62,103
<b>Total bank borrowings</b>	<b>71,816</b>	<b>70,512</b>
<b>Short Term</b>		
Bank Overdraft	487	1,864
Bill payables	6,549	1,814
Hire purchases	504	424
Foreign currency loans against import Term loan	4,238	3,163
	6,836	6,653
	18,614	13,918
<b>Long Term</b>		
Hire purchases	932	1,144
Term loan	52,270	55,450
	53,202	56,594

### 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.

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## SCH GROUP BERHAD (972700-P)

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### 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	
	28.02.2019 RM'000	28.02.2018 RM'000	28.02.2019 RM'000	28.02.2018 RM'000
Profit attributable to ordinary equity holders of the Group	737	(772)	788	892
Weighted average number of ordinary shares in issue ('000)	555,512	412,235	555,512	412,235
Basic earnings per share (sen)	0.13	(0.19)	0.14	0.22

#### b) Diluted

	Individual Quarter Ended		Cumulative Quarter Ended	
	28.02.2019 RM'000	28.02.2018 RM'000	28.02.2019 RM'000	28.02.2018 RM'000
Profit attributable to ordinary equity holders of the Group	737	(772)	788	892
Weighted average number of ordinary shares in issue ('000)	555,512	412,235	555,512	412,235
Adjustment for dilutive effect on conversion of warrants ('000)	205,839	206,116	205,839	206,116
Total Diluted earnings per share (sen)	761,351	618,351	761,351	618,351
	0.10	(0.12)	0.10	0.14

## SCH GROUP BERHAD (972700-P)

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### B11. Disclosure on selected expense/income items as required by the Listing Requirements

	Individual Quarter Ended		Cumulative Quarter Ended	
	28.02.2019 RM'000	28.02.2018 RM'000	28.02.2019 RM'000	28.02.2018 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Depreciation of property plant and equipment	1,089	271	1,981	502
Interest expenses	1,049	113	1,991	320
Interest income	(51)	(56)	(97)	(126)
(Gain) / Loss on disposal of property, plant and equipment	(2,579)	(232)	(2,581)	(635)
(Gain) / Loss on foreign exchange (realised/unrealised)	(90)	(252)	(7)	(293)
Reversal of provision for slow moving inventories	(474)	-	(474)	-

### B12. Comparative figures

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

**BY ORDER OF THE BOARD**  
**22 April 2019**