



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

Interim Financial Report
For the Fourth (4th) Quarter ended
31 August 2017

SCH GROUP BERHAD (972700-P)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH (4TH) QUARTER ENDED 31 AUGUST 2017**

| | <-- Individual Quarter --> | | ←- Cumulative Quarter --> | |
|---|----------------------------|-------------|---------------------------|-------------|
| | Unaudited | Unaudited | Unaudited | Audited |
| | 31 Aug 2017 | 31 Aug 2016 | 31 Aug 2017 | 31 Aug 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 12,392 | 7,899 | 44,195 | 37,022 |
| Cost of Sales | (8,889) | (5,639) | (30,586) | (23,131) |
| Gross Profit | 3,503 | 2,260 | 13,609 | 13,891 |
| Other operating income | 359 | 938 | 928 | 1,430 |
| Administrative expenses | (2,226) | (3,135) | (9,662) | (10,645) |
| Selling and distribution expenses | (376) | (592) | (1,657) | (2,072) |
| Finance costs | (151) | (74) | (442) | (322) |
| Profit/(loss) before taxation | 1,109 | (603) | 2,776 | 2,282 |
| Taxation | (474) | 191 | (982) | (649) |
| Profit/(loss) after taxation | 635 | (412) | 1,794 | 1,633 |
| Other comprehensive income/(loss) after tax: | | | | |
| Exchange translation differences for foreign operations | 12 | 2 | 101 | - |
| Total comprehensive income/(loss) for the financial year | 647 | (410) | 1,895 | 1,633 |
| PAT ATTRIBUTABLE TO: | | | | |
| - Owners of the company | 635 | (412) | 1,794 | 1,633 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| - Owners of the company | 647 | (410) | 1,895 | 1,633 |
| Weighted average no. of ordinary shares ('000) | 412,235 | 412,234 | 412,235 | 412,234 |
| Earnings per share attributable to owners of the company (sen): | | | | |
| - Basic | 0.15 | (0.10) | 0.44 | 0.40 |
| - Diluted | 0.10 | (0.10) | 0.29 | 0.40 |

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 2016 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 AUGUST 2017

| | Unaudited As at 31 Aug 2017 RM'000 | Audited As at 31 Aug 2016 RM'000 |
|---|---|---|
| ASSETS | | |
| NON-CURRENT ASSET | | |
| Property, plant and equipment | 22,664 | 21,453 |
| CURRENT ASSETS | | |
| Inventories | 22,337 | 27,242 |
| Trade receivables | 20,489 | 13,141 |
| Other receivables, prepayments and deposits | 3,596 | 1,617 |
| Tax recoverable | 1,803 | 1,760 |
| Fixed deposit with a licensed bank | 9,746 | 7,888 |
| Cash and bank balances | 2,390 | 2,919 |
| TOTAL CURRENT ASSETS | 60,361 | 54,567 |
| TOTAL ASSETS | 83,025 | 76,020 |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share capital | 52,130 | 41,223 |
| Share premium | - | 10,906 |
| Merger deficit reserve | (24,515) | (24,515) |
| Foreign currency translation reserves | 306 | 205 |
| Retained earnings | 36,555 | 34,761 |
| TOTAL EQUITY | 64,476 | 62,580 |
| CURRENT LIABILITIES | | |
| Trade payables | 1,958 | 2,244 |
| Other payables | 1,193 | 2,619 |
| Amount owing to directors | 19 | 19 |
| Hire purchase payables | 157 | 82 |
| Bank borrowings | 12,954 | 8,176 |
| Tax payable | 3 | 15 |
| | 16,284 | 13,155 |

SCH GROUP BERHAD (972700-P)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2017 (Cont'd)

| | Unaudited As at 31 Aug 2017 RM'000 | Audited As at 31 Aug 2016 RM'000 |
|-------------------------------------|---|---|
| NON CURRENT LIABILITIES | | |
| Hire purchase payables | 317 | 158 |
| Term loan | 1,858 | - |
| Deferred tax liabilities | 90 | 127 |
| | 2,265 | 285 |
| TOTAL LIABILITIES | 18,549 | 13,440 |
| TOTAL EQUITY AND LIABILITIES | 83,025 | 76,020 |
| | | |
| NET ASSET PER SHARE (sen) | 15.64 | 15.17 |

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 2016 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 FOURTH (4TH) QUARTER ENDED 31 AUGUST 2017

| Unaudited | ←----- Non-Distributable -----→ | | | | Distributable | Total Equity RM'000 |
|--|-------------------------------------|-------------------------------------|--------------------------------------|---|---|------------------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Merger Reserve RM'000 | Translation Reserve RM'000 | Retained Earnings RM'000 | |
| Balance as at 1 September 2016 | 41,223 | 10,906 | (24,515) | 205 | 34,761 | 62,580 |
| Profit for the financial year | | | | | 1,794 | 1,794 |
| Reclassification due to compliance with Co. Act 2016 | 10,906 | (10,906) | | | - | - |
| Other comprehensive income for the financial year | | | | 101 | - | 101 |
| Total comprehensive income for the financial year | 10,906 | - | | 101 | 1,794 | 1,895 |
| Conversion of warrants to shares | 1 | | | | | 1 |
| Dividends | - | | | | - | - |
| Balance as at 31 Aug 2017 | 52,130 | - | (24,515) | 306 | 36,555 | 64,476 |
| Audited | Share Capital RM'000 | Share Premium RM'000 | Merger Reserve RM'000 | Translation Reserve RM'000 | Retained Earnings RM'000 | Total Equity RM'000 |
| Balance as at 1 September 2015 | 41,223 | 10,906 | (24,515) | 205 | 36,632 | 64,451 |
| Profit for the financial year | | | | | 1,633 | 1,633 |
| Other comprehensive income for the financial year | | | | - | | - |
| Total comprehensive income for the financial year | | | | - | 1,633 | 1,633 |
| Dividends | | | | | (3,504) | (3,504) |
| Balance as at 31 Aug 2016 | 41,223 | 10,906 | (24,515) | 205 | 34,761 | 62,580 |

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 2016 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 FOURTH (4TH) QUARTER ENDED 31 AUGUST 2017

| | Unaudited 12 months ended 31 Aug 2017 RM'000 | Audited 12 months ended 31 Aug 2016 RM'000 |
|---|--|--|
| Cash Flows From Operating Activities | | |
| Profit before taxation | 2,776 | 2,282 |
| Adjustment for: | | |
| Bad debts written off | 7 | 10 |
| Depreciation of property, plant and equipment | 732 | 1,027 |
| Impairment on trade receivables | 28 | 188 |
| Interest expenses | 442 | 322 |
| Inventories written down | 5 | 387 |
| Property, plant and equipment written off | 4 | 165 |
| Unrealised (gain)/loss on foreign exchange | (144) | 119 |
| Bad debts recovered | (1) | |
| Interest income | (269) | (336) |
| Gain on disposal of property, plant and equipment | (126) | (611) |
| Reversal of impairment on trade receivables | (17) | (10) |
| Operating profit before working capital changes | 3,437 | 3,543 |
| Changes in working capital: | | |
| Inventories | 4,897 | (463) |
| Trade and other receivables | (9,342) | 3,615 |
| Trade and other payables | (250) | (981) |
| | (4,695) | 2,171 |
| Cash generated (used in)/from operations | (1,258) | 5,714 |
| Interest received | 269 | 336 |
| Interest paid | (442) | (322) |
| Tax refund | 424 | 50 |
| Tax paid | (1,497) | (2,249) |
| Exchange differences | 96 | - |
| | (1,150) | (2,185) |
| Net cash (used in)/from operating activities | (2,408) | 3,529 |
| Cash Flow From Investing Activities | | |
| Purchase of property, plant and equipment | (1,593) | (190) |
| Payment for capital work-in-progress | - | (4,869) |
| Proceeds from disposal of property, plant and equipment | 126 | 67 |
| Net cash used in investing activities | (1,467) | (4,992) |

SCH GROUP BERHAD (972700-P)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH (4TH) QUARTER ENDED 31 AUGUST 2017 (Con't)

| | Unaudited 12 months ended 31 Aug 2017 RM'000 | Audited 12 months ended 31 Aug 2016 RM'000 |
|--|--|--|
| Cash Flow From Financing Activities | | |
| Proceeds from issuance of shares | * (1) | - |
| Drawdown of foreign currency loans | 523 | 4,662 |
| Drawdown of term loan | 2,972 | - |
| Net repayment of hire purchase payables | (114) | (1,186) |
| Changes on bankers' acceptance & trust receipts | 5,618 | (6,950) |
| (Increase)/Decrease in fixed deposits pledged | (736) | 1,106 |
| Dividend paid | (1,443) | (2,061) |
| Net cash from/(used in) financing activities | <u>6,820</u> | <u>(4,429)</u> |
| Net increase/(decrease) in cash and cash equivalents | 2,945 | (5,892) |
| Cash and cash equivalents at beginning of the financial year | 6,016 | 11,908 |
| Cash and cash equivalents at end of the financial year | <u>8,961</u> | <u>6,016</u> |
| Cash and cash equivalents at end of the financial year comprises: | | |
| - Fixed deposits placed with a licensed banks | 9,746 | 7,888 |
| - Cash and bank balances | 2,390 | 2,919 |
| - Bank overdraft | - | (2,352) |
| | <u>12,136</u> | <u>8,455</u> |
| Less: Fixed deposits pledged with licensed banks | (3,175) | (2,439) |
| | <u>8,961</u> | <u>6,016</u> |

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 2016 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 YEAR ENDED 31 AUGUST 2017

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 2016 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 2016. 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.

| MFRSs and IC Interpretations (Including The Consequential Amendments) | Effective dates for financial period beginning on and after |
|---|--|
| Amendments to MFRS 112 – Recognition of Deferred Tax Assets for Unrealised Losses | 1 July 2017 |
| Amendments to MFRS 107 - Statement of Cash Flows - Disclosure Initiative | 1 July 2017 |
| Annual Improvements to MFRSs 2014-2016 Cycle - MFRS 12, Disclosure of Interests in Other Entities | 1 July 2017 |
| MFRS 15 – Revenue from Contracts with Customers | 1 July 2018 |
| Annual Improvements to MFRSs 2014-2016 Cycle - MFRS 1, First time Adoption of MFRSs - MFRS 128, Investments in Associates & Joint Venture | 1 July 2018 |
| Amendments to MFRS 2 - Classification and measurement of share-based payment transactions | 1 July 2018 |
| Amendments to MFRS 140 - Transfer of Investment Property | 1 July 2018 |
| MFRS 9 – Financial Instruments (MFRS 9 issued by IASB in July 2014) | 1 July 2018 |
| MFRS 16 – Leases | 1 July 2019 |
| 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.

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 ended 31 Aug 2017 and financial year-to-date.

A6. Debt and equity securities

For the current financial quarter ended 31 Aug 2017, there is no change in equity.

| | No. of shares issued (units) |
|---|---|
| Issued and paid-up share capital As at 31 May 2017 | 412,235,520 |
| Changes: | |
| Conversion of warrants to shares | <u>-</u> |
| Issued and paid-up share capital As at 31 Aug 2017 | <u>412,235,520</u> |

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A7. Segmental information

The Group's revenue was derived from five (5) main business segments, namely the following:-

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---|--------------------------|-------------|--------------------------|-------------|
| | 31 Aug 2017 | 31 Aug 2016 | 31 Aug 2017 | 31 Aug 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Quarry industrial products | 5,597 | 3,983 | 19,660 | 18,479 |
| Quarry machinery, quarry equipment and reconditioned quarry machinery | 4,382 | 952 | 9,088 | 6,829 |
| Spare parts for quarry machinery, quarry equipment and reconditioned quarry machinery | 1,513 | 2,139 | 6,241 | 8,253 |
| Manufacturing and distribution of quarry grill | 900 | 825 | 3,533 | 3,461 |
| Asphalt mixing plant (batch & drum mix) | - | - | 5,673 | - |
| Total | 12,392 | 7,899 | 44,195 | 37,022 |

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

The capital commitments of the Group as at 31 Aug 2017 were as follows:-

| | RM'000 |
|---|--------|
| Authorised and contracted for: | |
| - Capital expenditure on the new operational facility | 908 |

A11. Changes in the composition of the Group

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

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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:-

| | |
|-----------------------------------|---------------|
| | RM'000 |
| Foreign exchange forward contract | 787 |

As at 31 Aug 2017, the Company has provided corporate guarantees amounting to RM56.63 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 year-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 year ended 31 Aug 2017 was as follows:-

| | Current Quarter ended 31 Aug 2017 RM'000 | Cumulative Quarter ended 31 Aug 2017 RM'000 |
|---|---|--|
| Transportation charges paid | - | 3 |
| Sale of industrial products and spare parts | 45 | 96 |
| | <u>45</u> | <u>99</u> |

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****Q4/2017 compared to Q4/2016**

For the current financial quarter ended 31 Aug 2017, the Group recorded revenue of RM12.39 million as compared to RM7.90 million in the corresponding quarter of last year, an increase of RM4.49 million or 56.84%.

The higher revenue recorded was due to the higher sales of quarry industrial products and quarry machinery which accounted for RM5.60 million and RM4.38 million respectively as compared to RM3.98 million and RM0.95 million in the corresponding quarter of last year.

The Group achieved a profit before tax of RM1.11 million for the quarter under review as compared to a loss before tax of RM0.63 million in the comparable quarter of last year.

12 MTHS/2017 compared to 12 MTHS/2016

For the twelve (12) months ended 31 Aug 2017, the Group's revenue has increased by 19.39% to RM44.20 million as compared to RM37.02 million in the previous year corresponding year. Overall, all business segments recorded an increase in revenue except for spare parts for quarry segment which registered a decline of RM2.01 million or 24.36% in revenue to RM6.24 million as compared to RM8.25 million of last year.

In addition to that, administrative, selling and distribution expenses have been well contained, down by RM1.40 million or 11.01% from RM12.72 million last year to RM11.32 million for the current year under review.

The Group achieved a profit before tax of RM2.78 million, an increase of 21.93% as compared to RM2.28 million in the previous year.

B2. Comparison with immediate preceding quarter's results

| | <----- Quarter ended ----> | | | |
|-------------------|----------------------------|-------------|----------|--|
| | 31 Aug 2017 | 31 May 2017 | Variance | |
| | RM'000 | RM'000 | RM'000 | |
| Revenue | 12,392 | 15,101 | (2,709) | |
| Profit before tax | 1,109 | 975 | 134 | |

Although the Group's revenue for the fourth financial quarter ended 31 Aug 2017 fell by RM2.71 million or 17.95% to RM12.39 million as compared to RM15.10 million in the preceding financial quarter ended 31 May 2017, profit before tax recorded was higher by RM0.13 million compared to the last quarter. The higher profit before tax was due to higher profit margin for the quarter under review.

B3. Prospects

The Board remain optimistic with the future prospects of SCH Group and sees various opportunities that the Group are able to capitalise to maintain its growth trajectory. Moving forward, the Group is expected to benefit from the continuous growth in the Malaysian construction industry, which will mainly be underpinned by the Government's initiatives such as the Malaysian Budget 2017, 11th Malaysian Plan and the Economic Transformation Programme which features a number of major property developments, construction and infrastructure projects.

These construction and infrastructure projects are expected to boost the demand for quarry products which in turn will drive the demand for the quarry machinery and equipment market, as more quarrying activities and quarrying operations will be required to meet the demand for quarry based materials for use in major property development, construction and infrastructure projects.

The construction sector is projected to grow 8.3% (2016: 8.7%) mainly supported by the commencement of large infrastructure projects such as MRT Sungai Buloh – Serdang – Putrajaya Line, Pan Borneo Highway, Sungai Besi – Ulu Kelang Elevated Expressway. The upgrading road works from Klang Container Terminal – North Port and the construction of infrastructure in Malaysia Vision valley are expected to further support the sector. The residential subsector is projected to expand driven by affordable housing programmes, particularly 1Malaysia Civil Servants Housing. Meanwhile, non-residential subsector is expected to benefit from the mixed commercial development mainly in Klang Valley, Johor and Penang.

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.

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B5. Taxation

The taxation figures are as follows:

| | Current Quarter Ended | | Cumulative Quarter Ended | |
|----------------------------------|-----------------------|-----------------------|--------------------------|-----------------------|
| | 31 Aug 2017 RM'000 | 31 Aug 2016 RM'000 | 31 Aug 2017 RM'000 | 31 Aug 2016 RM'000 |
| Income tax expense | | | | |
| - Current financial year | 511 | (174) | 1,105 | 758 |
| - (Over) provision in prior year | - | - | (86) | (92) |
| | <u>511</u> | <u>(174)</u> | <u>1,019</u> | <u>666</u> |
| Deferred tax | | | | |
| - Current financial year | 14 | (13) | 14 | (13) |
| - (Over) provision in prior year | (51) | (4) | (51) | (4) |
| Total tax expense | <u>474</u> | <u>(191)</u> | <u>982</u> | <u>649</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 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

- a) A total of 206,117,010 free warrants were issued on the 5 December 2016 and listed on the ACE Market of Bursa Malaysia Securities Berhad on 8 December 2016 with a 5 year exercise/conversion period at a price of RM0.10. The maturity date for the free warrants is on the 4 December 2021. As at to-date a total of 1,500 warrants have been converted into shares. The proceeds have been deposited into SCH Warrant-A account.

As at to-date, the outstanding unexercised warrant is 206,115,510.

- b) On 17 May 2017, the Company ("SCH") entered into three (3) separate memorandum of understanding with Sewara Engineering Sdn Bhd ("SESB") ("MOU-I"); Stigma Impiana Sdn Bhd ("SISB") ("MOU-II"); and Dataran 888 Sdn Bhd ("D8SB") ("MOU-III") (collectively, MOU-I, MOU-II and MOU-III are known as MOU) in relation to the collaboration on the excavation, removal, distribution and sale of the deposits from the retention ponds respectively.

A feasibility study was conducted on the viability of the Collaboration Project and the assessment or findings revealed that the project was not financially feasible due to the high investment cost and risks involved. As such, the Board has decided not to enter into any definitive agreements with SESB, SISB and D8SB and notice of termination will be served to respective party accordingly.

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B7. Borrowings

The Group's borrowings were as follows:-

| | As at 31 Aug 2017 RM'000 | As at 31 Aug 2016 RM'000 |
|---------------------------------------|--------------------------------|--------------------------------|
| Secured | | |
| Bank overdraft | - | 2,352 |
| Bill payables | 6,780 | 1,162 |
| Hire purchases | 474 | 240 |
| Foreign currency loans against import | 4,973 | 4,662 |
| Term loan | 3,059 | - |
| Total bank borrowings | 15,286 | 8,416 |
| Short Term | | |
| Bank overdraft | - | 2,352 |
| Bill payables | 6,780 | 1,162 |
| Hire purchases | 157 | 82 |
| Foreign currency loans against import | 4,973 | 4,662 |
| Term loan | 1,201 | - |
| | <u>13,111</u> | <u>8,258</u> |
| Long Term | | |
| Hire purchases | 317 | 158 |
| Term loan | 1,858 | - |
| | <u>2,175</u> | <u>158</u> |

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 current financial quarter.

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SCH GROUP BERHAD (972700-P)

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 Aug 2017 RM'000 | 31 Aug 2016 RM'000 | 31 Aug 2017 RM'000 | 31 Aug 2016 RM'000 |
| Profit attributable to ordinary equity holders of the Group | 635 | (412) | 1,794 | 1,633 |
| Weighted average number of ordinary shares in issue (000) | 412,235 | 412,234 | 412,235 | 412,234 |
| Basic earnings/(loss) per share (sen) | 0.15 | (0.10) | 0.44 | 0.40 |

b) Diluted

| | Individual Quarter ended | | Cumulative Quarter ended | |
|--|--------------------------|-----------------------|--------------------------|-----------------------|
| | 31 Aug 2017 RM'000 | 31 Aug 2016 RM'000 | 31 Aug 2017 RM'000 | 31 Aug 2016 RM'000 |
| Profit attributable to ordinary equity holders of the Group | 635 | (412) | 1,794 | 1,633 |
| Weighted average number of ordinary shares in issue (000) | 412,235 | 412,234 | 412,235 | 412,234 |
| Adjustment for dilutive effect on conversion of warrants (000) | 206,116 | - | 206,116 | - |
| Total | 618,351 | 412,234 | 618,351 | 412,234 |
| Diluted earnings per share (sen) | 0.10 | (0.10) | 0.29 | 0.40 |

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B11. Retained and unrealised profits/losses

| | As at 31 Aug 2017 RM'000 | As at 31 Aug 2016 RM'000 |
|---|--------------------------------|--------------------------------|
| Total retained earnings of the Group | | |
| - Realised | 35,447 | 33,619 |
| - Unrealised | 54 | 246 |
| | <u>35,501</u> | <u>33,865</u> |
| Add: Consolidated adjustments | 1,054 | 896 |
| Total retained profits as per statement of financial position | <u>36,555</u> | <u>34,761</u> |

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

| | Quarter ended 31 Aug 2017 RM'000 | Year-to- date ended 31 Aug 2017 RM'000 |
|--|--|--|
| Profit before taxation is arrived at after charging/(crediting) :- | | |
| Bad debts written off | 1 | 7 |
| Depreciation of property plant and equipment | 12 | 732 |
| Interest expenses | 151 | 442 |
| Inventories written down | 5 | 5 |
| Interest income | (64) | (269) |
| Gain on disposal of property, plant and equipment | (44) | (126) |
| (Gain)/Loss on foreign exchange | | |
| - realised | (25) | 392 |
| - unrealised | (144) | (144) |

B13. Comparative figures

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

BY ORDER OF THE BOARD
20 October 2017