www.schgroup.com.my

No. 3, Jalan Teras 3,
Kawasan Perindustrian Teras Balakong,
Taman Industri Selesa Jaya,
43300 Balakong,
Selangor Darul Ehsan
Tel : +603-8961 8003
Fax : +603-8961 1002/ 8962 1002

SCH GROUP BERHAD (Company No. 972700-P)

Annual Report 2014

SCH GROUP BERHAD

(Company No. 972700-P)

ANNUAL REPORT

2014

Contents

BOARD OF DIRECTORS

Chan Wan Choon
Independent Non-Executive Chairman

Lau Mong Ling
Managing Director and Deputy Chairman

Wong Sin Chin
Executive Director

Yeen Yoon Hin
Executive Director

Gan Khong Aik
Independent Non-Executive Director

Sim Yee Fuan
Independent Non-Executive Director

Rahimi Bin Ramli
Independent Non-Executive Director

Corporate Information

AUDIT COMMITTEE

Sim Yee Fuan *(Chairman)*
Chan Wan Choon
Gan Khong Aik
Rahimi Bin Ramli

REMUNERATION COMMITTEE

Lau Mong Ling *(Chairman)*
Chan Wan Choon
Sim Yee Fuan

NOMINATION COMMITTEE

Gan Khong Aik *(Chairman)*
Chan Wan Choon
Sim Yee Fuan

COMPANY SECRETARIES

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)

REGISTERED OFFICE

Suite 10.03, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel no. : +603-2279 3080
Fax no. : +603-2279 3090

HEAD OFFICE/ PRINCIPAL PLACE OF BUSINESS

No. 3, Jalan Teras 3
Taman Perindustrian Teras Balakong
Taman Industri Selesa Jaya
43300 Balakong
Selangor Darul Ehsan
Tel no. : +603-8961 8003
Fax no. : +603-8962 1002

AUDITORS

UHY (AF-1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel no. : +603-2279 3088
Fax no. : +603-2279 3099

PRINCIPAL BANKERS

CIMB Bank Berhad (13491-P)
2-2-1, Wisma Pauson
Jalan Taming Kanan 1
Taman Taming Jaya
43200 Balakong
Selangor Darul Ehsan
Tel no. : +603-8961 0594

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
(Formerly known as Equiniti Services Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel no. : +603-2264 3883
Fax no. : +603-2282 1886

SPONSOR

M&A Securities Sdn Bhd
No. 45-3,The Boulevard
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel no. : +603-2284 2911
Fax no. : +603-2284 2718

STOCK EXCHANGE LISTING

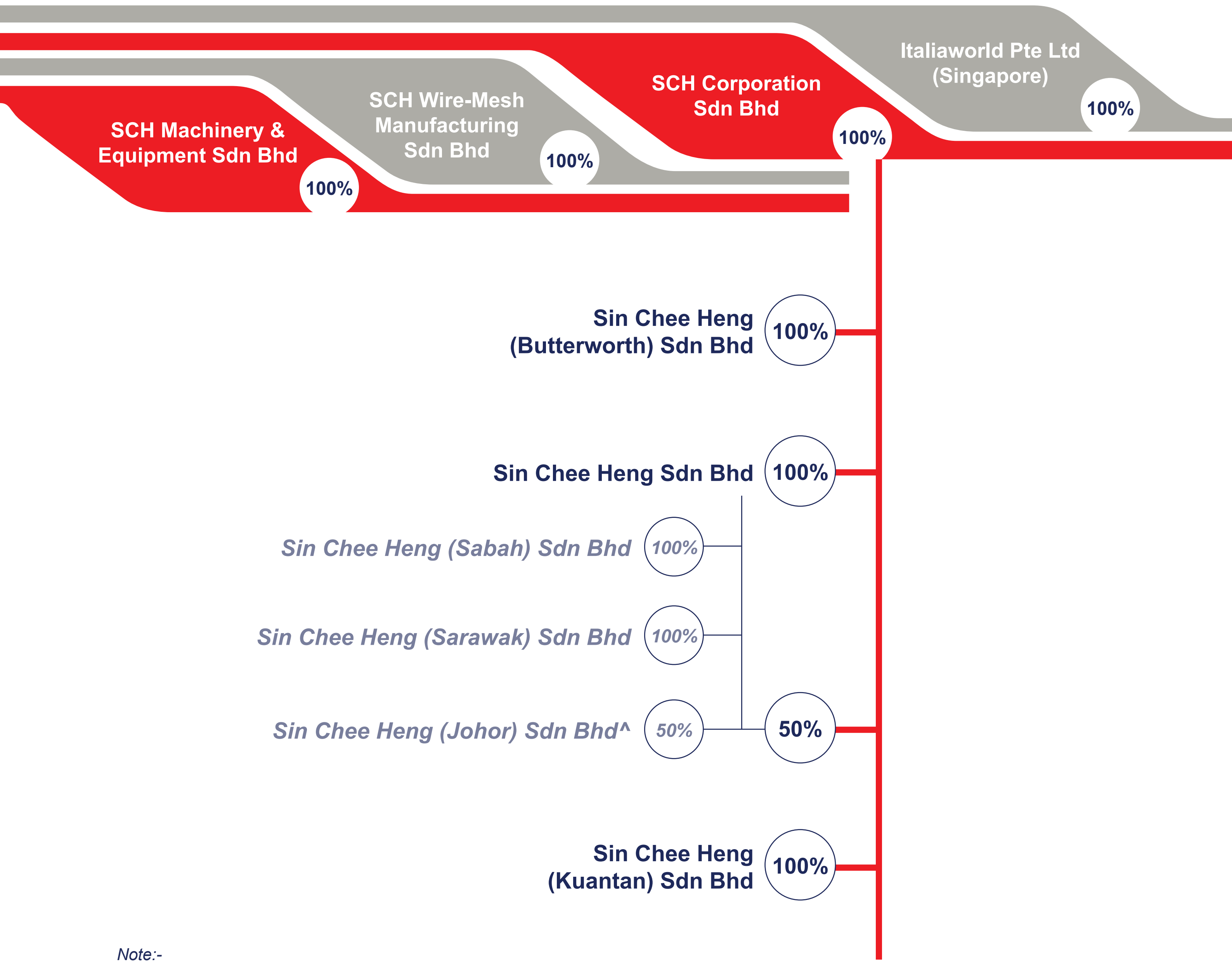
ACE Market of Bursa Malaysia Securities Berhad
Stock Name : SCH
Stock Code : 0161

WEBSITE

www.schgroup.com.my

Corporate Structure

SCH GROUP BERHAD
(Company No. 972700-P)



Note:-

^ *The substantial shareholders of Sin Chee Heng (Johore) Sdn Bhd are SCH Corporation Sdn Bhd and Sin Chee Heng Sdn Bhd, holding 150,000 shares or 50% equity interest each in Sin Chee Heng (Johore) Sdn Bhd.*

Directors' Profiles

CHAN WAN CHOON
Independent Non-Executive Chairman

Chan Wan Choon, a Malaysian aged 78, was appointed to the Board of Directors of SCH Group Berhad ("SCH" or the "Company") ("Board") as the Independent Non-Executive Chairman of the Company on 13 March 2012.

He has served as the Honorary Fellow of the Institute of Materials, Minerals and Mining, UK, since 1988 and has served as the Overseas Council Member for Malaysia from 1977 to 1988. He is also a Fellow of the Institute of Mineral Engineering, Malaysia since 1981, a registered Chartered Engineer ("CEng") with the Council of Engineering Institutions, UK since 1969 and a registered Professional Engineer under the Malaysian Engineer's Act since 1974. In addition, he was a council member of the Malayan Mining Employers Association ("MMEA'') from 1973 to 1994. He subsequently served as the President of MMEA from 1977 to 1978, and again from 1980 to 1982. He was the Member of the Malaysian Council of Employers Organisations from 1977 to1982 and has served on the Employers' Panel of the Industrial Court. In addition, he has also served on various technical committees of the Standard and Industrial Research Institute of Malaysia ("SIRIM'') from 1971 to 1980 and was appointed Chairman of the Technical Committee on Mining from 1980 to 1985.

After completing his Sijil Pelajaran Malaysia in 1955 at Sultan Yussof School at Batu Gajah, Perak Darul Ridzuan, Mr Chan then went on to pursue his Sijil Tinggi Persekolahan Malaysia at Sekolah King Edward VII, Taiping, Perak Darul Ridzuan, which he then completed it in 1957. He graduated from Camborne School of Mines ("ACSM''), United Kingdom in 1960 and is awarded with the qualified Associateship, which is conferred to graduates from accredited United Kingdom universities or Board of examination degree/masters programs, since 1960. Upon his graduation in 1960, he joined Malayan Tin Dredging Ltd as a Mining Engineer until 1964 and then joined Anglo Oriental (M) Sdn Bhd as the Chief of the District Planning Department from 1964 to 1966 when the companies amalgamated. He then left the company to work as an Assistant Superintendent at Selangor Dredging Bhd in 1966 and subsequently assumed the post of Superintendent from 1967 to 1979. He retired from the company as its General Manager in 2000.

Mr Chan he is presently a member of Audit Committee, Nomination Committee and Remuneration Committee of the Company.

He does not hold directorships in any other public companies. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past ten (10) years other than traffic offences, if any.

Directors' Profiles
cont'd

LAU MONG LING
Managing Director and Deputy Chairman

Lau Mong Ling, a Malaysian aged 61, is the Managing Director and Deputy Chairman of the Company, having been appointed to the Board on 13 March 2012. He pursued his secondary education until Form Three (3) in 1970 at Sekolah Menengah Kebangsaan St. Paul in Seremban, Negeri Sembilan. He is responsible for overseeing the business development, finance and corporate strategic functions of our Group.

Mr Lau started his career with UMS Holdings Berhad ("UMS") in 1970, a company listed on Bursa Securities, as an apprentice where he was exposed to various areas of the company's operations, which included marketing, management as well as trading and distribution. He then left UMS in 1977 and established Chee Heng Motor Supply ("Chee Heng") with Yeen Yoon Hin and three (3) other partners, being Wong Sin Chin, Tan Ah Soon and Tan Soon Seng in 1978. Chee Heng was a company that focuses on the supply of machinery parts.

His tenure with Chee Heng further exposed him to various aspects of the industrial spare parts business, and more importantly, widening his business network with various parties which included quarry engineers and bankers. He left Chee Heng to establish SCHSB together with Wong Sin Chin and Yeen Yoon Hin in 1983.

Mr Lau is presently the Chairman of Remuneration Committee of the Company.

He does not hold directorships in any other public companies. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past ten (10) years other than traffic offences, if any.

WONG SIN CHIN
Executive Director

Wong Sin Chin, a Malaysian aged 75, is an Executive Director of our Company, having been appointed to the Board on 13 March 2012. He pursued his secondary education until Form Three (3) in 1956 at Seremban Chung Hua High School, Negeri Sembilan. He is primarily responsible for our Group's purchases and inventory systems.

Prior to setting up of SCHSB in 1983, he was attached with UMS as an apprentice from 1970 to 1982. During his tenure in UMS, he was in charge of stock keeping and over the counter sales. Mr Wong was also the partner of Chee Heng, however he was not involved in the operations and decision matters of Chee Heng as he was still the employee of UMS. He then left UMS and joined Lau Mong Ling and Yeen Yoon Hin to establish SCHSB in 1983, where he was responsible for the company's inventory system and over the counter sales. The experience he gained from the years spent in UMS has enabled Mr Wong to play a vital role in our Group and has since, managed our inventory system as well as over the counter sales.

He does not hold any positions in any Board Committees of the Company and he does not hold any directorships in any other public companies. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past ten (10) years other than traffic offences, if any.

Directors' Profiles
cont'd

YEEN YOON HIN
Executive Director

Yeen Yoon Hin, a Malaysian aged 62, is an Executive Director of our Company, having been appointed to the Board on 13 March 2012. He pursued his secondary education until Form Three (3) in 1970 at Sekolah Menengah Kebangsaan St Paul in Seremban, Negeri Sembilan. He is responsible for our marketing functions, collections and customer relationship, as well as managing the operations of our distribution centres.

Mr Yeen joined UMS as an apprentice in 1973, where he was exposed to the company's store keeping operations. He left UMS in 1977 to establish Chee Heng with Lau Mong Ling and three (3) other partners, being Wong Sin Chin and Tan Ah Soon, Tan Soon Seng in 1978. He was in charge of sales and marketing functions of Chee Heng. In 1983, he left Chee Heng to establish SCHSB together with Lau Mong Ling and Wong Sin Chin. His years of experience in past companies enabled him to provide much needed support in the early years of the company's establishment, where he was responsible for sales in the east Coast of Malaysia, before handling all of the sales and distribution centres of our Group outside Klang Valley.

He does not hold any positions in any Board Committees of the Company and he does not hold any directorships in any other public companies. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past ten (10) years other than traffic offences, if any.

Directors' Profiles
cont'd

SIM YEE FUAN
Independent Non-Executive Director

Sim Yee Fuan, a Malaysian aged 49, was appointed as an Independent Non-Executive Director of the Company on 13 March 2012.

He graduated from University of Malaya with Bachelor of Accounting (Honour) and obtained accounting professional qualification from Malaysian Institute of Certified Public Accountants (MICPA). He holds a Master Degree in Business Administration from Northern University of Malaysia. He is a Chartered Accountant registered with Malaysia Institute of Accountants (MIA).

He started his career with Bank Negara Malaysia ("BNM") from 1991 to 1995 and had gained the banking experience in Foreign Exchange Administration Department (formerly known as Balance of Payment Department) and Banking Supervision Department (formerly known as Bank Examination 1 Department). During 1995 to 2006, he was attached to public listed companies on Bursa Malaysia Securities Berhad where his job responsibilities were mainly in the areas of accounting, finance and corporate management. Presently he is the Group General Manager and Executive Director Unimech Group Berhad. He is also an Independent Non-Executive Director of Saudee Group Berhad and Eurospan Holdings Berhad.

He is presently the Chairman of Audit Committee and a member of Remuneration Committee and Nomination Committee of the Company.

He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past ten (10) years other than traffic offences, if any.

Directors' Profiles
cont'd

GAN KHONG AIK
Independent Non-Executive Director

Gan Khong Aik, a Malaysian aged 46, was appointed as an Independent Non-Executive Director of the Company on 13 March 2012.

After completing his Sijil Pelajaran Malaysia from St. Francis Institution, Malacca in 1987, Mr Gan went on to pursue his Sijil Tinggi Persekolahan Malaysia at Malacca High School in 1989. He graduated from University of Malaya, Malaysia with a Second Class Honours (Upper Division) in Bachelor of Law in 1994 and was admitted and enrolled as an advocate and solicitor of the High Court of Malaya in 1995.

He commenced his legal career with Lee Hishammuddin Allen Gledhill in 1994 and in 2001 he became a partner of Lee Hishammuddin Allen Gledhill until 2008 where he set up his own law practice, Gan Partnership in the same year.

He is presently the Chairman of Nomination Committee and a member of Audit Committee of the Company.

He does not hold directorships in any other public companies. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past ten (10) years other than traffic offences, if any.

Directors' Profiles
cont'd

RAHIMI BIN RAMLI
Independent Non-Executive Director

Rahimi Bin Ramli, a Malaysian aged 45, was appointed as an Independent Non-Executive Director of the Company on 3 December 2013.

He completed his Sijil Pelajaran Malaysia at the Malay College Kuala Kangsar, Perak in 1987. He holds a Bachelor's Degree (Hons) in Accounting and Finance from Middlesex University, United Kingdom in 1993. He has been a fellow member of the Association of Chartered Certified Accountants (FCCA) since 2000 and is a registered Chartered Accountant with Malaysian Institute of Accountants since 2001. He is also a member of the Chartered Institute of Taxation, Malaysia since 2002. In addition, he is also a Professional Member of Institute of Internal Auditors, Malaysia (IIAM) since 2010 and was previously its Chartered Member since 2004.

He has more than 20 years of experience in the areas of business management i.e. Project Management, Asset & Loan Management, Budgeting, Financial Modeling, Corporate Planning, Investment Appraisal, Change Management and Corporate Restructuring as well as business compliance i.e Audit & Assurance, Accounting & Tax Transactions & Risks.

He began his career with KPMG in Malaysia, an international firm providing audit, tax and advisory services in 1996. He then left KPMG in 1999 to join Usaha Tegas Sdn Bhd, a private investment company belonged to Malaysian business entrepreneur. In 2001, he joined KHR Business Advisory Sdn Bhd (KHR) as its Chief Executive Officer, where he played a leading role in the establishment and development of new business venture under the company's corporate advisory, assurance and tax services.

In 2006, he left KHR to undertake contract transfer to the Gulf Region with Middle East Development LLC and Sokook Investment Group, real estate development companies based in the United Arab Emirates. He then left the company in 2007 to join Binary Group of Companies as its Chief Financial Officer before he subsequently resigned to join Sapura Secured Technology Sdn Bhd, a secured technology solution provider company with Sapura Group as its General Manager, Finance & Commercial Planning Division and assumed role as director for several subsidiary companies within the same Group.

In 2009, he left Sapura Group to join Prokhas Sdn Bhd, a wholly owned company by the Ministry of Finance, Malaysia as Associate Director Consultant with Corporate Advisory Division and subsequently transferred to Special Projects Division as Senior Manager Consultant. Currently, he is also a Director of KHR Tax Services (Utara) Sdn Bhd, a private company involved in the provision of business advisory and tax services.

He is presently a member of Audit Committee of the Company.

He does not hold directorships in any other public companies. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past ten (10) years other than traffic offences, if any.

"Chairman's Statement"

Dear Shareholders,

It is my pleasure to present the Annual Report of SCH Group Berhad ("SCH Group" or the "Company") for the financial year ended 31 August 2014. The Initial Public Offering ("IPO") was certainly a monumental milestone for the Company. On 13 February 2014, SCH Group was successfully listed on the ACE Market of Bursa Malaysia Securities Berhad. The IPO raised a total proceeds of RM20.86 million for the Company from the Public Issue of 90.69 million new shares at an issue price of RM0.23 per share.

Against a challenging global economic environment, demand for quarry products remained strong during the year under review in conformation with the accelerated pace of development in the construction industry. Projects such as the Klang Valley Mass Rapid Transit Project, Tun Razak Exchange Development, construction of new highways and other infrastructure in Peninsular and East Malaysia are expected to boost the demand for quarry products and this bodes well for the Company.

The Group continued to perform strongly as evident by the impressive financial result which is a testament of our ability to offer products that meet the requirements of our customers.

I am pleased to state that we have achieved commendable results for the year under review despite a challenging global economy. We are determined to build on the upbeat momentum and to further strengthen our revenue growth and healthy returns to all our loyal shareholders.

Chairman's Statement
cont'd

REVIEW OF FINANCIAL PERFORMANCE

The SCH Group recorded a revenue of RM65.42 million, profit before tax of RM10.35 million and profit after tax of RM7.19 million for the year under review.

Overall, the supply of quarry industrial product remained the Group's main revenue stream, representing 50.52% of the total revenue for the financial year.

Our second largest revenue contributor of 24.06% is for the supply of both new and reconditioned quarry machinery and quarry equipment. SCH Group distributes quarry machinery supplied by Nakayama, Junji CSM and Alpha Plus. In addition, Junjin CSM also supplies reconditioned hydraulic crawling machine to the Group for distribution.

DIVIDEND

In view of SCH Group's strong financial performance, the Board of Directors had on 23 July 2014 declared an interim single-tier dividend of 1.0 sen per share totaling RM4.12 million to reward its shareholders. The dividend was paid by the Company on 29 August 2014.

BUSINESS OUTLOOK AND PROSPECTS

The outlook for the quarry industry, which is closely correlated with the construction industry, is expected to be positive underpinned by the rollouts of government infrastructure projects such as MRT line 2, various expressways, Southern Double Track, projects in Pengerang, Kwasa Damansara development and Tun Razak Exchange development as well as expansion in the construction industry and sustained exports of quarry products. An independent research report by Protégé is projecting annual growth rate of about 9.0% in the quarry equipments and machinery segment for 2014 to 2017. Being one of the established players in the quarry equipment and machinery industry, the Group is expected to benefit from the up-cycle of the construction industry and quarrying operation.

Going forward, we are anticipating steady revenue growth as we leverage on our position of strength to capitalize on new business opportunities. We believe that our commitment to delivering strongly on all our undertakings by adhering strictly to target delivery timelines, maintaining stringent standards of quality and implementing cost efficiencies throughout our operations will continue to hold us in good stead.

On top of this, our offer of wide range of quarry-based products gives us a very significant competitive advantage that few players in Malaysia are able to emulate.

In the period under review, SCH Group brought into play several initiatives to ensure sustainable shareholder value. Whilst remaining committed to the current core business activities, the Group will continue its objective to grow its presence and market share both in the domestic and overseas markets particularly in Cambodia. Our business expansion in Cambodia will help complement our target markets and expand our reach in the Southeast Asia region.

As we elevate to the next chapter, we already started the construction of our new operation facility in Balakong to cater for our business growth. The four-storey building will house our new corporate office, warehouse, showroom cum service centre.

Barring any unforeseen circumstances, the Group expects the next financial year to be challenging in view of cautious consumer sentiment with the implementation of Goods & Services Tax in 2015. However, the Board is confident that it will continue to deliver a healthy performance for the financial year ending 31 August 2015.

Chairman's Statement
cont'd

CORPORATE GOVERNANCE

The Board of SCH holds dear values such as integrity, transparency and dedication among a whole others, high on our list of priorities. We also place much emphasis on corporate governance and are at all times looking to create the utmost value for our shareholders. The measures taken and implemented have been outlined further in our Corporate Governance Statement, the Audit Committee's Report and Statement on Risk Management and Internal Control found further in this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

SCH Group is mindful of the impact its operations have on society. The Group's key corporate social responsibility platforms continue to be in the areas of employees, stakeholders, the environment as well as the communities at large. We will continue to identify activities where our support can make a real difference.

APPRECIATION

In closing, I wish to extend my heartfelt gratitude to all my fellow Board Members who have contributed to the Group with their invaluable expertise and experience. My deepest gratitude also goes to the management and staff for their commitment and dedication throughout the years and to all our shareholders for their steadfast support and confidence in the Group. My sincere appreciation also goes to our business partners, clients, bankers, and other partners for their continued support for the Group.

CHAN WAN CHOON
Independent Non-Executive Chairman

Corporate Governance Statement

The Board is committed to ensure that a high standard of corporate governance is practised throughout the Company and its subsidiaries ("the Group") in discharging its responsibilities with integrity, transparency and professionalism, to protect and enhance shareholders' value and the financial position of the Group.

The Board recognises the importance of good corporate governance and fully supports the principles and best practices promulgated in the Malaysian Code on Corporate Governance ("MCCG") to enhance business prosperity and maximize shareholders' value. The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

Below is a statement and description in general on how the Group has applied the principles and complied with the best practice provisions as laid out in MCCG throughout the financial year ended 31 August 2014 pursuant to Rule 15.25 of the ACE Market Listing Requirements of Bursa Securities ("Listing Requirements").

A. DIRECTORS

1. Board Balance

The Board assumes responsibility for effective stewardship and control of the Group and its members have established terms of reference to assist in the discharge of their responsibilities.

The Board consists of Seven (7) members, comprising an Independent Non-Executive Chairman, a Managing Director and Deputy Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The Company is in compliance with Rule 15.02 of the Listing Requirements whereby at least two (2) or one third (1/3) of its Board members are independent directors. The profile of each Director is presented separately in pages 4 to 9 of the Annual Report 2014.

The current composition of the Board provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct.

The Board has yet to identify a Senior Independent Non-Executive Director to whom concerns may be conveyed by shareholders and the general public. However, the Chairman of the Board encourages the active participation of each and every Board member in the decision making process.

2. Board Responsibilities

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to management's responsibilities, which the management are aware and are responsible for meeting.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long term viability of the Group.

The Company has a clear distinction and separation of roles between the Chairman and the Managing Director, with clear division of responsibilities. The Chairman is primarily responsible in leading and guiding the Board, and also serves as the communication point between the Board and the Managing Director whilst the Managing Director and his management team is responsible for implementing the plans chartered out and the day to day management of the Group, with clear authority delegated by the Board.

Corporate Governance Statement
cont'd

A. DIRECTORS *(cont'd)*

2. Board Responsibilities *(cont'd)*

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

In discharging its fiduciary duties, the Board has delegated specific tasks to three (3) Board Committees namely the Audit Committee, Nomination Committee and Remuneration Committee. All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference and to report to the Board with the necessary recommendation.

3. Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

A copy of the Board Charter is available at the Company's website.

4. Supply of information

Prior to the Board meetings, the Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings.

The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

To fulfill the responsibilities as set out above, all Directors have direct access to the advice and services of the Company Secretary who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. The Board recognises that the Company Secretary is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretary in discharge of their functions.When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated.

Where applicable, the Board will establish a formal schedule of matters to clearly detail out matters that require the Board's deliberation and approvals.

Corporate Governance Statement
cont'd

A. DIRECTORS *(cont'd)*

5. Board Meetings

There were three (3) Board of Directors' Meetings held during the financial year ended 31 August 2014. Details of the attendance of the Directors at the Board of Directors' Meetings are as follow:

	Name of Director	Attendance
(a)	Chan Wan Choon	3/3
(b)	Lau Mong Ling	3/3
(c)	Wong Sin Chin	3/3
(d)	Yeen Yoon Hin	3/3
(e)	Sim Yee Fuan	2/3
(f)	Gan Khong Aik	2/3
(g)	Rahimi Bin Ramli	1/3

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities.

6. Directors' Training

All Directors appointed to the Board have undergone the Mandatory Accreditation Program ("MAP") prescribed by Bursa Securities. The Directors are encouraged to attend continuous education programmes/ seminars/conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

Details of seminars and training programmes attended by the Board members during the financial year as listed below:

Name of Director	Date	Courses attended
Chan Wan Choon	2 & 3 October 2013	Mandatory Accreditation Program for Directors of Public Listed Companies
Lau Mong Ling	2 & 3 October 2013	Mandatory Accreditation Program for Directors of Public Listed Companies
Wong Sin Chin	2 & 3 October 2013	Mandatory Accreditation Program for Directors of Public Listed Companies
Yeen Yoon Hin	2 & 3 October 2013	Mandatory Accreditation Program for Directors of Public Listed Companies
Sim Yee Fuan	24 October 2013	A market updates talk cum dinner by Hwang Investment Management
	24 November 2013	Tax Seminar & Planning Opportunities by SH Group of companies
	4 March 2014	Corporate Seminar 2014 – Global Market Outlook by UOB Bank
	10 March 2014	FX & Economic Outlooks Briefing by RHB Bank Berhad
	12 April 2014	CIMB Traders & Investors Day by CIMB Investment Bank Berhad
	1 & 2 August 2014	UHY Goods & Services Tax (GST) In-house Training by UHY GST Consulting Sdn. Bhd

Corporate Governance Statement
cont'd

A. DIRECTORS *(cont'd)*

6. Directors' Training *(cont'd)*

Details of seminars and training programmes attended by the Board members during the financial year as listed below: *(cont'd)*

Name of Director	Date	Courses attended
Gan Khong Aik	2 & 3 October 2013	Mandatory Accreditation Program for Directors of Public Listed Companies
Rahimi Bin Ramli	4 & 5 December 2013 15 & 16 January 2014	Mandatory Accreditation Program for Directors of Public Listed Companies

7. Nomination Committee

As recommended by MCCG, the Company has established the Nomination Committee ("NC") comprising exclusively of Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis. The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the NC. The NC is aware of their duties and responsibilities. As a whole, the Company maintains a very lean number of Board members.

In general, the process for the appointment of directors to the Board is as follows:-

(i) The NC reviews the Board's composition through Board assessment/evaluation;
(ii) The NC determines skills matrix;
(iii) The NC evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
(iv) The NC recommends to the Board for appointment; and
(v) The Board approves the appointment of the candidates.

The NC would conduct an annual review of the composition of the Board and makes recommendations to the Board accordingly, with a view to meeting current and future requirements of the Group. The Committee is satisfied with the current size of the Board, and with the mix of qualifications, skills & experience among the Board members. Among other evaluation criteria is the commitment displayed, the depth of contribution, ability to communicate and undertake assignments on behalf of the Board.

The Board is aware of the gender diversity policy and targets as set out in the MCCG. However, the Board is of the view that the Board membership is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender. Nevertheless, for any new proposed appointment of directors of the Company in future, the NC and the Board will evaluate and match the criteria of the potential candidate to the Board as well considering the boardroom diversity.

The present members of the NC are:

Chairman
Gan Khong Aik - Independent Non-Executive Director

Members
Chan Wan Choon - Independent Non-Executive Chairman
Sim Yee Fuan - Independent Non-Executive Director

Corporate Governance Statement
cont'd

A. DIRECTORS *(cont'd)*

8. Re-election

The procedure on re-election of directors by rotation is set out in the Company's Articles of Association ("the Articles"). Pursuant to the Articles, all Directors who are appointed by the Board during the year are subject to re-election by shareholders at the first meeting after their appointment. The Articles also provide at least one third (1/3) of the remaining Directors are subject to re-election by rotation at each Annual General Meeting and retiring directors can offer themselves for re-election. All Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election. Directors over seventy (70) years of age are subject for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

9. Reinforce Independence

The Non-Executive Directors are not employees of the Group and do not participate in the day to day management of the Group. The Non-Executive Directors, including the Chairman, are independent directors and are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. The Nomination Committee has reviewed the performance of the independent directors and is satisfied they have been able to discharge their responsibilities in an independent manner.

None of the current independent board members had served the Company for more than nine (9) years as per the recommendations of MCCG. Should the tenure of an independent director exceed nine (9) years, shareholders approval will be sought at a General Meeting or if the services of the director concerned are still required, the director concerned will be re-designated as a non-independent director.

There is clear separation of powers between the Chairman, who is an independent director and the Managing Director, and this further enhances the independence of the Board. Should any director have an interest in any matter under deliberation, he is required to disclose his interest and abstain from participating discussions on the matter.

B. DIRECTORS' REMUNERATION

1. Procedures

The Directors' fee including Non-Executive Directors if any, have to be endorsed by the Board and would seek approval from the shareholders of the Company at the Annual General Meeting. The compensations for Non-Executive Directors are linked to their experience and level of responsibility taken.

2. Disclosure

The aggregate remuneration of Directors for the financial year ended 31 August 2014 is as follow:

	Executive Directors (RM)	Non-Executive Directors (RM)
Salary and *other emoluments	1,368,500	4,000
Directors' fee	-	71,500
Total	**1,368,500**	**75,500**

* *Other emoluments include the meeting allowance for the Directors' attendance in Board and Audit Committee Meetings.*

Corporate Governance Statement
cont'd

B. DIRECTORS' REMUNERATION *(cont'd)*

2. Disclosure *(cont'd)*

The number of Directors whose remuneration fall into the following bands is as follows:-

Range of Remuneration (RM)	Executive	Non-Executive
50,000 and below	-	4
50,001 – 100,000	-	-
150,001 – 200,000	-	-
200,001 – 250,000	2	-
750,001 – 800,000	1	-

Details of the individual Director's remuneration are not disclosed in this report as the Board is of the view that the above remuneration disclosures by band and analysis between Executive and Non-Executive Directors satisfies the accountability and transparency aspects of MCCG.

3. Remuneration Committee

In line with the best practices of MCCG, the Board has set up a Remuneration Committee ("RC") which would comprise a majority of Independent Non-Executive Directors in order to assist the Board for determining the Director's remuneration.

The RC meets when required and is entrusted, among others, with examining the remuneration packages and other benefits of the Executive Director. The contribution, responsibilities and performance of each Executive Director is taken into account when determining their respective remuneration packages.

However, the ultimate responsibility to approve the remuneration of the Directors remains with the Board as a whole. The respective Director are not involved in any discussions and/or deliberations with regards to their own remuneration.

The present members of the RC as follow:

Chairman

Lau Mong Ling - Managing Director and Deputy Chairman

Members

Chan Wan Choon - Independent Non-Executive Chairman
Sim Yee Fuan - Independent Non-Executive Director

C. COMMUNICATION BETWEEN THE COMPANY AND ITS SHAREHOLDERS AND INVESTORS

Dialogue between Company and Investors

The Board recognises the importance of keeping the shareholders informed and updated of development concerning the Group. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities. The Group practices open communication with its investors.

In its efforts to promote effective communication, the Board recognises that timely and equal dissemination of consistent and accurate information are provided to them through public announcements made throughout the year to Bursa Securities. The shareholders and members of the public are also invited to access the Group's website at www.schgroup.com.my for the latest information on the Group.

The Company's Annual Report, circulars and financial results are dispatched on annually basis to the shareholders to provide an overview of the Group's business activities and performances. The Share Registrar is available to attend to administrative matters relating to shareholder interests.

Corporate Governance Statement
cont'd

C. COMMUNICATION BETWEEN THE COMPANY AND ITS SHAREHOLDERS AND INVESTORS *(cont'd)*

Annual General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue with the shareholders. The shareholders will be given sufficient notice of the holding of the AGM through the Annual Report that is sent to them. At the AGM, the Board will present to the shareholders with a comprehensive report on the progress and performance of the Group and the shareholders are encouraged to participate in the questions and answers session there at, where they will be given the opportunity to raise questions or seek more information during the AGM. Informal discussions between the Directors, senior management staff and the shareholders and investors are always active before and after the General Meetings.

D. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the aim of the directors is to present a balanced and comprehensible assessment of the Group's position and prospects. The Audit Committee assists the Board to ensure accuracy and adequacy of all annual and quarterly financial reports, audited and unaudited for disclosure. The statement by the Board pursuant to Rule 15.26(a) of the Listing Requirements on its responsibilities in preparing the financial statements is set out in Section E below.

2. Internal Controls

The Board affirms the importance of sound internal control and risk management practices to safeguard shareholders' investments, customers' interest and the Group's assets. In order to improve internal controls within the Group, the Board has appointed an established independent professional firm to carry out the internal audit function for the Group.

The information on the Group's internal control is further elaborated in pages 25 and 26 on the Statement on Risk Management and Internal Control of this Annual Report.

3. Relationship with Auditors

The Board has appropriately established a formal and transparent relationship with the Group's external auditors. From time to time, the auditors will highlight to the Audit Committee and the Board of Directors on matters that require the Audit Committee's and Board's attention and action. The role of the Audit Committee in relation to the external auditors can be found in the Audit Committee Report as set out in pages 21 to 24 of this Annual Report. Annual appointment or re-appointment of the external auditors is via shareholders' resolution at the AGM on the recommendation of the Board.

E. STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 August 2014, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

Corporate Governance Statement
cont'd

E. STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS *(cont'd)*

The Directors are responsible for ensuring that the Company keeps proper accounting records with reasonable accuracy of the financial position of the Company. The Directors are to ensure that the financial statements comply with mandatory provisions of the Companies Act, 1965, the Malaysia Approved Accounting Standards and the Listing Requirements. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

F. COMPLIANCE STATEMENT

The Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices of MCCG and all other applicable laws.

Audit Committee's Report

1. COMPOSITION

Chairman

Sim Yee Fuan	-	Independent Non-Executive Director

Members

Chan Wan Choon	-	Independent Non-Executive Chairman
Gan Khong Aik	-	Independent Non-Executive Director
Rahimi Bin Ramli	-	Independent Non-Executive Director

2. TERMS OF REFERENCE

2.1 Members

The members of Audit Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise of at least three (3) members, all of whom must be Non-Executive Directors, with a majority of them being independent. The Board shall at all the times ensure that at least one (1) member of the Audit Committee:

i) must be a member of the Malaysian Institute of Accountants ("MIA"); or

ii) if he is not a member of the MIA, he must have at least three (3) years' working experience and:

a) passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
b) must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

No alternate director shall be appointed as a member of the Audit Committee. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether the members have carried out their duties in accordance with their terms of reference.

If a member of the Audit Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Company Secretary or his nominee or such other persons authorised by the Board shall act as the Secretary of the Audit Committee.

2.2 Chairman

The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Non-Executive Director.

If the Chairman is not present at a meeting within fifteen (15) minutes after the time appointed for holding the meeting, the members of the Audit Committee may elect one of their members to be the Chairman of the meeting.

Audit Committee's Report
cont'd

2. TERMS OF REFERENCE *(cont'd)*

2.3 Meetings and Minutes

The Audit Committee shall meet at least four (4) times in a financial year, although additional meetings may be called at any time at the Audit Committee Chairman's discretion. Other than in circumstances which the Chairman of the Audit Committee considers inappropriate, the Executive Directors, Group Accountants, the representatives of the internal auditors and external auditors will attend any meeting of the Audit Committee to make known their views on any matter under consideration by the Audit Committee or which in their opinion, should be brought to the attention of the Audit Committee. Other Board members, employees and external professional advisers shall attend any particular meetings upon invitation by the Audit Committee. At least twice in a financial year, the Audit Committee shall meet with the external auditors without the Executive Directors and employees being present.

Subject to the notice and quorum requirements as provided in the Terms of Reference, meeting of the Audit Committee may be held and conducted through the telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.

A resolution in writing, signed by a majority of the Audit Committee present in Malaysia for the time being entitled to receive notice of a meeting of the Audit Committee, shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more of the members of the Audit Committee.

The Audit Committee shall report to the Board and its minutes tabled and noted by the Board of Directors. The books containing the minutes of proceedings of any meeting of the Audit Committee shall be kept by the Company at the registered office or the principal office of the Company, and shall be open for inspection of any member of the Audit Committee and the Board.

2.4 Quorum

The quorum for a meeting of the Audit Committee shall consist of not less than two (2) members, majority of whom must be Independent Non-Executive Directors.

2.5 Notice and Minutes of Meetings

The Audit Committee shall be summoned by the Secretary at the request of the Chairman of the Audit Committee.

The Secretary shall:

(i) minute the proceedings and resolutions of all Audit Committee meetings, including the names of those present and in attendance.
(ii) ascertain existence of any conflicts of interest.
(iii) prompt circulatation of minutes to members of the Audit Committee.
(iv) record of conclusions and resolution passed during the meeting.
(v) keep and maintain the full minutes of meeting.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, no later than seven (7) days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

Audit Committee's Report
cont'd

2. TERMS OF REFERENCE *(cont'd)*

2.6 Duties and Responsibilities

In fulfilling its primary objectives, the Audit Committee shall undertake, amongst others, the following duties and responsibilities:-

(i) To review with the auditors the nature and scope of the audit plans, their audit reports, major findings and their evaluations of our accounting system and internal controls;

(ii) To review the quarterly and annual financial statements before submission to the Board, focusing in particular on any change in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, the going concern assumption and compliance with accounting standards and other regulatory or legal requirements;

(iii) To consider the appointment and reappointment of the external auditors and matters relating to their resignation;

(iv) To review any related party transactions entered into by the Group and any conflict of interest situations that may arise within the Group;

(v) To review the assistance given by the Audit Committee or the Group's employees to the auditors; and

(vi) To perform such other functions as may be requested by the Board.

2.7 Authority

(i) The Audit Committee is authorised by the Board to investigate any matter within the Audit Committee's terms of reference. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees of the Group are required to comply with the requests made by the Audit Committee.

(ii) The Audit Committee is authorised by the Board to obtain outside legal or external independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.

(iii) The Audit Committee shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.

(iv) The Audit Committee shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary, in order to enable the Audit Committee and the external auditors or the internal auditors or both, to discuss problems and reservations and any other matter the external auditors or internal auditors may wish to bring up to the attention of the Audit Committee.

(v) The Internal Auditors report directly to the Audit Committee and shall have direct access to the Chairman of the Audit Committee on all matters of control and audit. All proposals by Management regarding the appointment, transfer and removal of senior staff members of the Internal Audit of the Group shall require prior approval of the Audit Committee. The Audit Committee is also authorised by the Board to obtain information on any resignation of internal audit staff members and provide the staff member an opportunity to submit his reasons for resigning.

Audit Committee's Report
cont'd

3 ATTENDANCE OF MEETINGS

During the year ended 31 August 2014, the Audit Committee held three (3) meetings. Details of the attendance of committee members are as follow:

	Attendance
Sim Yee Fuan	2/3
Chan Wan Choon	3/3
Gan Khong Aik	2/3
Rahimi Bin Ramli	1/3

4 SUMMARY ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

The activities of the Audit Committee during the financial year ended 31 August 2014 include the following:

a) Reviewed the quarterly unaudited financial of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Group's results to Bursa Securities;

b) Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 31 August 2014;

c) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;

d) Reviewed the effectiveness of the Group's system of internal control;

e) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;

f) Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements; and

g) Report to the Board on its activities and significant findings and results.

5 INTERNAL AUDIT FUNCTIONS

The Group has appointed an established external professional Internal Audit firm, which reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. With the internal audit function being put in place, remedial action can be taken in relation to weaknesses identified and noted in the systems and controls of the respective operating units. The setting up of the internal audit function is geared towards increasing efficiency and better management of resources in all aspects of the Group's operations. The costs incurred for the internal audit function in respect of the financial year under review is approximately RM12,000.

During the financial year under review, the following activities were carried out by the internal auditors in discharge of its responsibilities:

i) Analytical review on the Group's financial statements; and
ii) Facilitate the implementation of the risk management assessment.

Statement on **Risk Management and Internal Control**

INTRODUCTION

The Board of Directors of SCH Group Berhad ("SCH" or "the Company") is pleased to provide the following Statement on Risk Management and Internal Control pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

RESPONSIBILITY

The Board recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and integrity. In addition, the Board has also received assurance from the Managing Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

Due to inherent limitations in any risk management and internal control system, such system put into effect by management is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement or errors.

The Board through its Audit Committee has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements. The process is reviewed by the Board and the Audit Committee on a periodic basis.

Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced by the Group, and in the design and operation of suitable internal controls to mitigate these risks identified.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the annual report is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group's assets.

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements that have been established in the Group's risk management and internal control system are described below:

1. Risk Management System

Risk management is firmly embedded in the Group's management system as the Board firmly believes that risk management is critical for the Group's sustainability and the enhancement of shareholder value. Key management staff and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters and standards. Periodic Management Meetings which are attended by the Department Heads and key management staff are held to discuss key risks and the appropriate mitigating controls. Significant risks affecting the Group's strategic and business plans are escalated to the Board at their scheduled meetings.

The key management staff meets regularly to review the risks faced by the Group and ensure that the existing mitigation actions are adequate. Risks identified were prioritized in terms of likelihood of occurrence and its impact on the achievement of the Group's business objectives.

Statement on **Risk Management and Internal Control**
cont'd

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM *(cont'd)*

2. Internal Control System

(i) A well-defined organisational structure with clear lines of accountability and responsibilities provide a sound framework within the organisation in facilitating check and balance for proper decision making at the appropriate authority levels of management including matters that require the Board's approval.

(ii) A documented delegation of authority that sets out decisions that need to be taken and the appropriate levels of management involved including matters that require the Board's approval.

(iii) The Board of Directors and Audit Committee meet at least once on a quarterly basis to review and deliberate on financial reports, annual financial statements, internal audit reports and etc. Discussions with management were held to deliberate on the actions that are required to be taken to address internal control issues identified.

(iv) Internal policies and procedures had been established for key business units within the Group.

(v) Comprehensive guidelines on employment and retention of employees are in place to ensure that the Group has a team of employees who are qualified and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

(vi) Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performances and comparison of actual performance against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Audit Committee and Board for their review and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

3. Internal Audit Function

The Group's internal audit function is outsourced to an independent professional firm, to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

During the financial year ended 31 August 2014, internal audit visits were carried out based on the approved audit plan and the findings of the internal audit, including the recommended corrective actions, were presented directly to the Audit Committee.

In addition, follow up review will be conducted to ensure that corrective actions have been implemented on a timely manner. Based on the internal audit review conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the year ended 31 August 2014 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the Group's risk management and internal control system.

CONCLUSION

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's system of internal control and risk management framework.

Statement of **Corporate Social Responsibility**

SCH Group is always mindful of its Corporate Social Responsibility ("CSR") towards employees, community and stakeholders. A strong governance policy is necessary to ensure that CSR are fulfilled at our own premises, only then we can contribute positively to the community. We continue to place high emphasis on health and safety issues at our work sites. Necessary tools and protective gears are provided to our employees to ensure that they are adequately protected. We also enforce stringent compliance requirements so that health and safety issues are not compromise.

We also work very closely with environment enforcement agency with periodic consultation arrangements and visits so that our manufacturing activities are always in line with environmental standards and legislation.

We continuously encourage employees to recycle and/or reduce wastage on the consumption of raw materials so that waste disposals are kept to the minimum. We also incorporate changes to our manufacturing process to allow the usage of environmental friendly materials.

At the marketplace, the Company and its subsidiaries maintain high integrity of corporate governance practices as well as enhancing the shareholders' value.

Other Disclosure Requirements
Pursuant to the Listing Requirements of Bursa Securities

1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

As at 31 August 2014, the gross proceeds from the public issue amounting to RM20.86 million was partially utilised from the date of listing in the following manner:-

Purposes		Approved Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Timeframe for Utilisation
(i)	Payment of listing expenses	2,000	2,000	-	Within 1 month
(ii)	Capital expenditure on construction of the new operation facility	10,000	986	9,014	Within 36 months
(iii)	General working capital requirements	8,859	7,948 [1]	911	Within 12 months
		20,859	10,934	9,925	

Note:

(1) The additional listing expenses of approximately RM0.82 million was due to an under estimation of listing expenses of the Group's listing on the ACE Market of Bursa Securities such as underwriting fees, placement fees and professional fees (Reporting Accountant, Legal and Principal Adviser). This amount has been adjusted against the gross proceeds allocated for working capital.

2. SHARE BUY-BACKS

The Company did not carry out any share buy-back exercise during the financial year.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were issued during the financial year

4. DEPOSITORY RECEIPT PROGRAMMES

The Company did not sponsor any depository receipt programmes during the financial year.

5. IMPOSITION OF SANCTIONS/PENALTIES

During the financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies.

6. NON-AUDIT FEES

No non-audit fees paid to the external auditors by the Company and its subsidiary companies during the financial year ended 31 August 2014.

Other Disclosure Requirements
Pursuant to the Listing Requirements of Bursa Securities
cont'd

7. VARIANCE IN RESULTS, PROFIT ESTIMATE, FORECAST OR PROJECTION

There were no variances between the results for the financial year and the unaudited results previously announced on 28 October 2014.

8. PROFIT GUARANTEE

The Company did not give any form of profit guarantee to any parties during the financial year.

9. MATERIAL CONTRACTS

During the financial year, there were no material contracts entered into by the Company and its subsidiary involving Directors' and major shareholders' interests.

10. CONTRACTS RELATING TO LOAN

During the financial year, there were no material contracts relating to loans entered into by the Company involving Directors and major shareholders.

11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE

Save for such disclosure made in note 30 to the financial statements on page 82 of the Annual Report, there were no recurrent related party transactions of revenue nature during the financial year ended 31 August 2014.

Financial Statements

Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

On 13 February 2014, the Company was listed on the ACE Market of Bursa Malaysia Securities Berhad.

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	7,191,663	4,190,381
Atributable to:		
Owners of the parent	7,191,663	

DIVIDENDS

A first interim single tier dividend of RM0.01 per ordinary share, amounting to a total dividend of RM4,122,340 in respect of financial year ended 31 August 2014 was paid on 29 August 2014.

The Board of Directors does not recommend any final dividend in respect of the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year,

(a) the Company increased its authorised ordinary share capital from RM100,000 to RM50,000,000 by creation of 499,000,000 ordinary shares of RM0.10 each.

(b) the Company increased its issued and paid up share capital from RM2 to RM41,223,402 as part of its floatation scheme on the ACE Market of Bursa Malaysia Securities Berhad. The issued and paid up share capital was increased in the following manner:

(i) Acquisition of SCH Corporation Sdn. Bhd.

The Company acquired the entire issued and paid-up share capital in SCH Corporation Sdn. Bhd. of RM7,880,002 comprising 7,880,002 ordinary shares of RM1.00 each for a total purchase consideration of RM23,556,900 satisfied entirely by the issuance of 235,569,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 per share;

Directors' Report
cont'd

ISSUE OF SHARES AND DEBENTURES *(cont'd)*

(b) the Company increased its issued and paid up share capital from RM2 to RM41,223,402 as part of its floatation scheme on the ACE Market of Bursa Malaysia Securities Berhad. The issued and paid up share capital was increased in the following manner: *(cont'd)*

(ii) Acquisition of SCH Wire-Mesh Manufacturing Sdn. Bhd.

The Company acquired the entire issued and paid-up share capital in SCH Wire-Mesh Manufacturing Sdn. Bhd. of RM500,000 comprising 500,000 ordinary shares of RM1.00 each for a total purchase consideration of RM2,070,200 satisfied entirely by the issuance of 20,702,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 per share;

(iii) Acquisition of SCH Machinery & Equipment Sdn. Bhd.

The Company acquired the entire issued and paid-up share capital in SCH Machinery & Equipment Sdn. Bhd. of RM400,000 comprising 400,000 ordinary shares of RM1.00 each for a total purchase consideration of RM5,631,500 satisfied entirely by the issuance of 56,315,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 per share;

(iv) Acquisition of Italiaworld Pte Ltd

The Company acquired the entire issued and paid-up share capital in Italiaworld Pte Ltd of SGD100,000 comprising 100,000 ordinary shares of SGD1.00 each for a total purchase consideration of RM895,600 satisfied entirely by the issuance of 8,956,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 per share; and

(v) Public issue

The Company issued 90,692,000 new ordinary shares of RM0.10 each at an issue price of RM0.23 per ordinary share for public issue and listing.

The new ordinary shares issued during the financial year ranked pari passu in all respect with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors in office since the date of the last report are:

Chan Wan Choon
Lau Mong Ling
Wong Sin Chin
Yeen Yoon Hin
Gan Khong Aik
Sim Yee Fuan
Rahimi Bin Ramli (appointed on 3.12.2013)

Directors' Report
cont'd

DIRECTORS' INTERESTS

The interests and deemed interests in the share capital of the Company or its related corporations by the Directors in office at the end of the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965, were as follows:

	Number of ordinary shares of RM0.10 each			
	At 01.09.2013	Acquired	Disposed	At 31.08.2014
Direct Interest				
Chan Wan Choon	-	846,200	-	846,200
Lau Mong Ling	-	106,035,224	10,996,000	95,039,224
Wong Sin Chin	-	106,035,083	10,992,000	95,043,083
Yeen Yoon Hin	-	106,034,903	10,992,000	95,042,903
Sim Yee Fuan	-	420,000	370,000	50,000
Gan Khong Aik	-	420,000	-	420,000
Rahimi Bin Ramli	-	420,000	420,000	-

By virtue of their interests in the shares of the Company, Lau Mong Ling, Wong Sin Chin and Yeen Yoon Hin are deemed to have an interest in the shares of all its subsidiaries to the extent the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement the object of which is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and allowance for doubtful debts was required; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

Directors' Report
cont'd

OTHER STATUTORY INFORMATION *(cont'd)*

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading; or

(iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(d) No contingent liability or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(e) In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 August 2014 have not substantially affected by any item, transaction or event of a material and unusual nature, occurred in the interval between the end of the financial year and the date of this report.

SIGNIFICANT EVENTS

The significant events are disclosed in Note 34 to the financial statements.

AUDITORS

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 19 December 2014.

LAU MONG LING **WONG SIN CHIN**

KUALA LUMPUR

Statement by **Directors**

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 39 to 92 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 August 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in page 93 to the financial statements have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 19 December 2014.

LAU MONG LING **WONG SIN CHIN**

KUALA LUMPUR

Statutory **Declaration**

Pursuant to Section 169(15) of the Companies Act, 1965

I, Lau Mong Ling, being the Director primarily responsible for the financial management of SCH Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 92 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at KUALA LUMPUR in the)
Federal Territory on 19 December 2014)

LAU MONG LING

Before me,

COMMISSIONER FOR OATHS
MOHAN A.S. MANIAM
NO. W521

Independent Auditors' Report
to the Members of SCH GROUP BERHAD
(Incorporated in Malaysia) Company No.:972700-P

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of SCH Group Berhad., which comprise the statements of financial position as at 31 August 2014 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 92.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 August 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report
to the Members of SCH GROUP BERHAD
(Incorporated in Malaysia) Company No.:972700-P
cont'd

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the followings:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of the subsidiary of which we have not acted as auditors, as disclosed in Note 6 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 93 is solely disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

CHAN JEE PENG
Approved Number: 3068/08/16 (J)
Chartered Accountant

KUALA LUMPUR
19 December 2014

Statements of **Financial Position**
as at 31 August 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Non-Current Assets					
Property, plant and equipment	4	12,203,331	13,590,574	-	-
Capital-work-in progress	5	986,160	94,485	-	-
Investment in subsidiaries	6	-	-	32,154,200	-
		13,189,491	13,685,059	32,154,200	-
Current Assets					
Inventories	7	26,907,173	24,787,866	-	-
Trade receivables	8	26,458,711	19,054,833	-	-
Other receivables	9	341,063	1,763,043	-	320,876
Amount owing by subsidiaries	10	-	-	8,118,935	-
Tax recoverable		118,256	402,282	-	-
Fixed deposits with licensed banks	11	17,559,967	1,526,506	10,151,635	-
Cash and bank balances		3,162,016	2,216,900	2,143,851	1,039
		74,547,186	49,751,430	20,414,421	321,915
Total assets		87,736,677	63,436,489	52,568,621	321,915

Statements of Financial Position
as at 31 August 2014
cont'd

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Equity					
Share capital	12	41,223,402	32,154,202	41,223,402	2
Share premium	13	10,905,549	-	10,905,549	-
Merger deficit reserve	14	(24,514,828)	(24,514,828)	-	-
Foreign currency translation reserve	15	48,584	66,492	-	-
Retained earnings/(Accumulated loss)		34,294,056	31,224,733	53,388	(14,653)
Total Equity		61,956,763	38,930,599	52,182,339	(14,651)
Non-Current Liabilities					
Hire purchase payables	16	228,669	2,201,842	-	-
Bank borrowings	17	1,781,304	2,744,636	-	-
Deferred tax liabilities	18	130,907	139,939	-	-
		2,140,880	5,086,417	-	-
Current Liabilities					
Trade payables	19	6,149,570	6,858,332	-	-
Other payables	20	2,254,656	2,164,275	25,405	32,689
Amount owing to a subsidiary	10	-	-	303,877	303,877
Amount owing to Directors	21	19,000	19,000	-	-
Hire purchase payables	16	385,517	1,145,645	-	-
Bank borrowings	17	14,413,472	9,107,642	-	-
Tax payable		416,819	124,579	57,000	-
		23,639,034	19,419,473	386,282	336,566
Total Liabilities		25,779,914	24,505,890	386,282	336,566
Total equity and liabilities		87,736,677	63,436,489	52,568,621	321,915

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income
for the Financial Year Ended 31 August 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Revenue	22	65,422,527	61,251,441	6,158,401	-
Cost of sales		(40,871,508)	(39,917,243)	-	-
Gross profit		24,551,019	21,334,198	6,158,401	-
Other income		581,413	561,992	246,958	8
Administrative expenses		(9,155,910)	(7,998,497)	(227,196)	(4,524)
Selling and distribution expenses		(2,832,330)	(2,336,008)	-	-
Other expenses		(1,941,972)	(169,318)	(1,930,782)	-
Finance costs	23	(854,199)	(938,382)	-	-
Profit/(Loss) before taxation	24	10,348,021	10,453,985	4,247,381	(4,516)
Taxation	25	(3,156,358)	(2,792,277)	(57,000)	-
Profit/(Loss) for the financial year		7,191,663	7,661,708	4,190,381	(4,516)
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
- Exchange translation differences for foreign operation		(17,908)	37,341	-	-
Total comprehensive income for the financial year		7,173,755	7,699,049	4,190,381	(4,516)

Statements of **Comprehensive Income**
for the Financial Year Ended 31 August 2014
cont'd

		Group	
		2014	**2013**
	Note	**RM**	**RM**
Profit for the financial year attributable to:			
Owners of the parent		7,191,663	7,661,708
Total comprehensive income for the financial year attributable to:			
Owners of the parent		7,173,755	7,699,049
Earnings per share attributable to owners of the parent (sen):			
Basic	28	1.93	2.38

The accompanying notes form an integral part of the financial statements.

Statements of **Changes in Equity**
for the Financial Year Ended 31 August 2014

	Note	Share Capital	Non-Distributable: Merger Deficit Reserve	Non-Distributable: Foreign Currency Translation Reserve	Distributable Retained Earnings	Total Equity
		RM	RM	RM	RM	RM
Group						
At 1 September 2012		2	(1,380,000)	29,151	23,563,025	22,212,178
Effect arising from merger method of accounting	12	32,154,200	(23,134,828)	-	-	9,019,372
Profit for the financial year		-	-	-	7,661,708	7,661,708
Other comprehensive income for the financial year		-	-	37,341	-	37,341
Total comprehensive income for the financial year		-	-	37,341	7,661,708	7,699,049
At 31 August 2013		32,154,202*	(24,514,828)	66,492	31,224,733	38,930,599

* *The share capital of RM32,154,202 were presented based on the share capital in issue pursuant to the acquisition of subsidiaries, which were consolidated using the merger method of accounting as disclosed in Note 12 to the financial statements.*

Statements of **Changes in Equity**
for the Financial Year Ended 31 August 2014
cont'd

	Note	Share Capital RM	Non-Distributable: Share Premium RM	Non-Distributable: Merger Deficit Reserve RM	Non-Distributable: Foreign Currency Translation Reserve RM	Distributable Retained Earnings RM	Total Equity RM
Group							
At 1 September 2013		32,154,202	-	(24,514,828)	66,492	31,224,733	38,930,599
Profit for the financial year		-	-	-	-	7,191,663	7,191,663
Other comprehensive income for the financial year		-	-	-	(17,908)	-	(17,908)
Total comprehensive income for the financial year		-	-	-	(17,908)	7,191,663	7,173,755
Transaction with owners:							
Issuance of ordinary shares pursuant to public issue	12	9,069,200	11,789,960	-	-	-	20,859,160
Listing expenses - share issue expenses		-	(884,411)	-	-	-	(884,411)
Dividends to owners of the Company	26	-	-	-	-	(4,122,340)	(4,122,340)
Total transactions with owners		9,069,200	10,905,549	-	-	(4,122,340)	15,852,409
At 31 August 2014		41,223,402	10,905,549	(24,514,828)	48,584	34,294,056	61,956,763

Statements of **Changes in Equity**
for the Financial Year Ended 31 August 2014
cont'd

	Note	Share Capital RM	Non-Distributable Share Premium RM	Distributable Retained Earning/ (Accumulated Loss) RM	Total Equity RM
Company					
At 1 September 2012		2	-	(10,137)	(10,135)
Loss for the financial year, representing total comprehensive income for the financial year		-	-	(4,516)	(4,516)
At 31 August 2013		2	-	(14,653)	(14,651)
At 1 September 2013		2	-	(14,653)	(14,651)
Profit for the financial year, representing total comprehensive income for the financial year		-	-	4,190,381	4,190,381
Transactions with owners:					
Issuance of ordinary shares pursuant to acquisition of subsidiaries	12	32,154,200	-	-	32,154,200
Issuance of ordinary shares pursuant to public issue	12	9,069,200	11,789,960	-	20,859,160
Listing expenses - share issue expenses		-	(884,411)	-	(884,411)
Dividends to owners of the Company	26	-	-	(4,122,340)	(4,122,340)
Total transaction with owners		41,223,400	10,905,549	(4,122,340)	48,006,609
At 31 August 2014		41,223,402	10,905,549	53,388	52,182,339

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows
for the Financial Year Ended 31 August 2014

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Cash Flows From Operating Activities				
Profit/(Loss) before taxation	10,348,021	10,453,985	4,247,381	(4,516)
Adjustment for:				
Bad debts written off	42,265	70,149	-	-
Depreciation of property, plant and equipment	1,579,955	1,970,692	-	-
Impairment on trade receivables	43,268	46,224	-	-
Interest expenses	854,199	938,382	-	-
Inventories written off	-	12,225	-	-
Other investment written off	-	112,000	-	-
Property, plant and equipment written off	10,618	2,940	-	-
Waiver of debts	5,431	-	-	-
Gain on disposal of property, plant and equipment	(2,667)	(275,702)	-	-
Interest income	(337,757)	(53,484)	(246,958)	(8)
Reversal of impairment on trade receivables	(57,491)	(45,588)	-	-
Operating profit/(loss) before working capital changes	12,485,842	13,231,823	4,000,423	(4,524)
Change in working capital:				
Inventories	(2,119,307)	(3,414,927)	-	-
Trade receivables	(7,431,920)	(1,861,999)	-	-
Other receivables	1,416,549	(641,633)	320,876	(303,876)
Trade payables	(708,762)	1,111,095	-	-
Other payables	90,381	288,770	(7,284)	306,446
Amount owing to Directors	-	213,876	-	-
Amount owing by/to subsidiaries	-	-	(8,118,935)	-
	(8,753,059)	(4,304,818)	(7,805,343)	2,570
Cash generated from/(used in) operations	3,732,783	8,927,005	(3,804,920)	(1,954)
Interest received	337,757	53,484	246,958	8
Interest paid	(854,199)	(938,382)	-	-
Tax refund	352,725	61,022	-	-
Tax paid	(2,941,867)	(3,085,441)	-	-
Exchange differences	(17,344)	37,799	-	-
	(3,122,928)	(3,871,518)	246,958	8
Net cash from/(used in) operating activities	609,855	5,055,487	(3,557,962)	(1,946)

Statements of Cash Flows
for the Financial Year Ended 31 August 2014
cont'd

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Cash flow from investing activities					
Purchase of property, plant abd equipment	4(d)	(524,822)	(560,282)	-	-
Proceeds from disposal of property, plant and equipment		417,613	454,849	-	-
Payment for capital work-in-progress		(891,675)	(94,485)	-	-
Net cash used in investing activities		(998,884)	(199,918)	-	-
Cash flow from financing activities					
Changes on bankers' acceptance and trust receipt		3,182,709	(1,114,000)	-	-
Dividend paid	26	(4,122,340)	-	(4,122,340)	-
Decrease/(increase) in fixed deposits pledged		160,171	(39,548)	-	-
Net repayment of hire purchase payables		(2,827,301)	(1,299,004)	-	-
Net repayment of bank borrowings		(1,219,954)	(973,482)	-	-
Proceeds from issuance of shares	12, 13	20,859,160	-	20,859,160	-
Payment of share issue expenses	13	(884,411)	-	(884,411)	-
Net cash from/(used in) financing activities		15,148,034	(3,426,034)	15,852,409	-
Net increase/(decrease) in cash and cash equivalents		14,759,005	1,429,535	12,294,447	(1,946)
Cash and cash equivalents at beginning of the financial year		2,216,900	787,365	1,039	2,985
Cash and cash equivalents at end of the financial year		16,975,905	2,216,900	12,295,486	1,039
Cash and cash equivalents at the end of the financial year comprises:					
Fixed deposits with licensed banks		17,559,967	1,526,506	10,151,635	-
Cash and bank balances		3,162,016	2,216,900	2,143,851	1,039
Bank overdraft		(2,379,743)	-	-	-
		18,342,240	3,743,406	12,295,486	1,039
Less: Fixed deposits pledged with licensed banks		(1,366,335)	(1,526,506)	-	-
		16,975,905	2,216,900	12,295,486	1,039

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated in Malaysia under the Companies Act, 1965 and domiciled in Malaysia. On 13 February 2014, the Company was listed on the ACE Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 6. There have been no significant changes in the nature of these activities during the financial year.

The registered office of the Company is located at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at No. 3, Jalan Teras 3, Taman Perindustrian Teras Balakong, Taman Industri Selesa Jaya, 43300 Balakong, Selangor Darul Ehsan.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

During the financial year, the Group and the Company have adopted the following applicable new MFRSs, Issues Committee ("IC") Interpretations and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 3	Business Combinations (IFRS 3 issued by IASB in March 2014)
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2013)
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 1	Government Loans
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements to MFRSs 2009 - 2011 Cycle	

2. BASIS OF PREPARATION *(cont'd)*

(a) Statement of Compliance *(cont'd)*

The effects of the adoption of applicable MFRSs, IC Interpretations and amendments to MFRSs above are summarised below:

MFRS 10 Consolidated Financial Statements and MFRS 11 Joint Arrangements

Under MFRS 10, an investor controls an investee when the investor has;

(i) power over an investee;
(ii) exposure, or rights to variable return from its involvement with the investee; and
(iii) ability to use its power over the investee to affect the amount of the investor's return.

This new control model differs from how previously companies were assessed to be a subsidiary. Under MFRS 127, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

MFRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

Upon adoption of the two new MFRSs, the Group has reviewed the relationships with its investments in other entities to assess whether the conclusion to consolidate is different under MFRS 10 than under MFRS 127, and noted no material differences were found for any of the investments.

MFRS 12 Disclosure of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

MFRS 127 Separate Financial Statements (as amended by IASB in May 2011)

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, joint controlled entities and associates in separate financial statements. This standard affects disclosures only and has no impact on the Group's financial position or performance.

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS. MFRS 13 defines fair value as an exit price. As a result of the guidance in MFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. MFRS 13 also requires additional disclosures.

Notes to the **Financial Statements**
cont'd

2. BASIS OF PREPARATION *(cont'd)*

(a) Statement of Compliance *(cont'd)*

MFRS 13 Fair Value Measurement *(cont'd)*

Application of MFRS 13 has not materially impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

The Group and the Company have not applied the following MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Amendments to MFRS 119	Defined Benefits Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle		1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle		1 July 2014
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle		1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (MFRS 9 issued by IASB in July 2014)	1 January 2018

The Group and the Company intend to adopt the above MFRSs when they become effective.

Notes to the **Financial Statements**
cont'd

2. BASIS OF PREPARATION *(cont'd)*

(a) Statement of Compliance *(cont'd)*

The initial application of the abovementioned MFRSs is not expected to have any significant impacts on the financial statements of the Company except as mentioned below:

MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 (2009)) introduced new requirements for the classification and measurement of financial assets. It was subsequent amended by MFRS 9 (IFRS 9 (2010)) to include requirements for the classification and measurement of financial liabilities and for derecognition, and MFRS 9 (IFRS 9 as amended by IASB in November 2013) to include new requirements for general hedge accounting. Another version of MFRS 9 (IFRS 9 issued by IASB in July 2014) was issued to include:

(i) impairment requirements for financial assets; and
(ii) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.
(iii) income, with only dividend income generally recognised in profit or loss.

Key requirements of MFRS 9:

(i) all recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment that is not held for trading in other comprehensive income, with only dividend income generally recognised in profit or loss.

(ii) with regard to the classification and measurement of financial liabilities and derecognition of financial instruments, these requirements have been relocated from MFRS 139, without change, except for financial liabilities that are designated as at fair value through profit or loss. Entities with financial liabilities designated as at fair value through profit or loss recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income, unless it would create or enlarge an accounting mismatch in profit or loss. There is no subsequent recycling of the amounts in other comprehensive income to profit or loss, but accumulated gains or losses may be transferred within equity. Under MFRS 139, the entire amount of the change in fair value of the financial liabilities designated as at fair value through profit or loss was presented in profit or loss.

(iii) in relation to impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

(iv) the new general hedge accounting represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

Notes to the **Financial Statements**
cont'd

2. BASIS OF PREPARATION *(cont'd)*

(a) Statement of Compliance *(cont'd)*

MFRS 9 Financial Instruments *(cont'd)*

Key requirements of MFRS 9: *(cont'd)*

An entity is allowed to change the accounting for financial liabilities that it has elected to measure at fair value, before applying any of the other requirements in MFRS 9.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers. It supersedes current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related Interpretations. Its core principle is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

A five-step approach to revenue recognition is required:

(a) Identify the contract(s) with a customer.
(b) Identify the performance obligations in the contract.
(c) Determine the transaction price.
(d) Allocate the transaction price to the performance obligations in the contract.
(e) Recognise revenue when (or as) performance obligations are satisfied.

MFRS 15 also includes requirements for accounting for costs related to a contract with a customer. These are recognised as an asset if certain criteria are met. Furthermore, MFRS 15 also significantly expands the current disclosure requirements about revenue recognition.

An entity may choose to adopt MFRS 15 retrospectively or through a cumulative effect adjustment as of the start of the first period for which it first applies the Standard. The Group is in the process of assessing the impact of this Standard.

(b) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

(c) Significant Accounting Estimates and Judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's accounting policies.

Notes to the **Financial Statements**
cont'd

2. BASIS OF PREPARATION *(cont'd)*

(c) Significant Accounting Estimates and Judgements *(cont'd)*

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

Useful lives of property, plant and equipment

Management estimates the useful lives of the property, plant and equipment to be within 5 to 50 years and reviews the useful lives of depreciable assets at the end of each reporting period. At 31 August 2014 management assesses that the useful lives represent the expected utilisation of the assets to the Group. Actual results, however, may vary due to change in the business plan and strategies, expected level of usage and technological developments, which resulting the adjustment to the Group's assets. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the carrying amount of property, plant and equipment.

Impairment of investment in subsidiaries

The carrying amounts of investment in subsidiaries and the related goodwill are reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Notes to the **Financial Statements**
cont'd

2. BASIS OF PREPARATION *(cont'd)*

(c) Significant Accounting Estimates and Judgements *(cont'd)*

Income taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is involved especially in determining tax base allowances and deductibility of certain expense in determining tax base allowances and deductibility of certain expense in determining the Group wide provision of income taxes. The Group recognises liabilities for expected tax issues bases on estimates or whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investment in subsidiaries is stated at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

Acquisition of business are accounted for using the acquisition method other than those resulted in a business combination involving common control entities is outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combination.

Notes to the **Financial Statements**
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(a) Basis of Consolidation *(cont'd)*

(ii) Consolidation

(1) Merger method for common business combinations

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

(2) Acquisition method

The acquisition method of accounting is used to account for business combinations. The consideration transferred for acquisition of a subsidiary company is the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange, as well as any contingent consideration given. Acquisition-related costs are expensed off in the profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition.

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies are prepared in the same reporting date as the Company. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Changes in the Group's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid is recognised directly in equity.

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Notes to the **Financial Statements**
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(a) Basis of Consolidation *(cont'd)*

(ii) Consolidation *(cont'd)*

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, the accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

(b) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy of recognition and measurement of impairment losses is in accordance with Note 3(f)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated.

Notes to the **Financial Statements**
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(b) Property, Plant and Equipment *(cont'd)*

(iii) Depreciation *(cont'd)*

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Leasehold land	remaining lease period
Buildings	50 years
Furniture and fittings	8 - 12 years
Motor vehicles	5 years
Office equipment	8 - 9 years
Plant and machinery	8 - 9 years
Renovation	10 years
Tools and equipment	8 - 9 years
Mould and blocks	5 years

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value after adequate impairment has been made for all deteriorated, damage, obsolete or slow-moving inventories.

The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances and deposit with bank that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(e) Financial Assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which it was acquired at initial recognition into loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets.

Notes to the **Financial Statements**
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(e) Financial Assets *(cont'd)*

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchase or sale of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Derecognition of financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in the profit or loss.

(f) Impairment of Assets

(i) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment loss is recognised immediately in profit or loss. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Previously recognised impairment losses are assessed at the end of each reporting period whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

(ii) Financial assets

All financial assets, other than those at fair value through profit or loss, investment in subsidiary company, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Notes to the **Financial Statements**

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(f) Impairment of Assets *(cont'd)*

(ii) Financial assets *(cont'd)*

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(g) Financial Liabilities

Financial liabilities are recognised in the statements of financial position when, and only when the Group and the Company become a party to the contractual provisions of the financial instrument.

All financial liabilities are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method, other than those categorised as fair value through profit or loss. Changes in the carrying amount of these liabilities are recognised in the profit or loss.

The Group has not designated any financial liabilities as at fair value through profit or loss.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

<u>Other financial liabilities measured at amortised cost</u>

Other financial liabilities are non-derivatives financial liabilities. The Group's and the Company's other financial liabilities comprise trade and other payables, amount owing to a subsidiary, amount owing to Directors and borrowings. Other financial liabilities are classified as current liabilities; except for maturities more than 12 months after the end of the reporting period, in which case they are classified as non-current liabilities.

Other liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Notes to the **Financial Statements**
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(g) Financial Liabilities *(cont'd)*

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised initially at fair value and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. Subsequently, the carrying amount is measured at the higher of the best estimate of the obligation under the contract in accordance with MFRS 137 at the end of the reporting period and the initial amount recognised less accumulated amortisation. If the carrying amount of the financial guarantee contract is lower than the obligation, the carrying amount is adjusted to the obligation amount and accounted for as a provision.

Derecognition

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting of financial instruments

A financial asset and financial liability are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(h) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividends on ordinary shares are recognised in equity as appropriation of retained earnings and recognised as a liability in the period in which they are approved.

(i) Leases

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(i) Leases *(cont'd)*

(ii) Operating lease

Leases in which the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised in the statement of financial position of the Group.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

(j) Foreign Currency Transactions and Balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the rate at the date of transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the reporting period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(k) Revenue

(i) Goods sold and services rendered

Revenue from sales of goods and services measured at the fair value of the consideration receivable and is recognised when significant risk and rewards have been transferred to the buyer, if any, or upon performance of services, net of sales taxes and discounts.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(iv) Interest income

Interest income is recognised using the effective interest method.

Notes to the **Financial Statements**
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(l) Income Taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill or the initial recognition of assets and liabilities in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Employee Benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

Notes to the **Financial Statements**

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(n) Borrowings Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interets and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(o) Capital Work-In-Progress

Capital work-in progress consists of expenditure incurred on construction of property, plant and equipment which takes a substantial period of time to be ready for their intended use.

Capital work-in-progress is stated at cost during the period of construction. No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

(p) Earnings Per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period. Diluted EPS is determined by adjusting the profit or loss attributable to owners of the parent and the weighted average number of ordinary shares in issue adjusted for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(q) Segments Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(r) Contingent Liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent asset or liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent asset or liability unless the probability of outflow of economic benefits is remote.

Notes to the **Financial Statements**
cont'd

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Leasehold land and building	Furniture and fittings	Motor vehicles	Office equipment	Plant and machinery	Renovation	Tools and equipment	Moulds and blocks	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
2014										
Cost										
At 1 September 2013	5,290,491	5,822,923	238,095	6,081,081	591,772	6,342,263	327,409	10,226	483,660	25,187,920
Additions	-	-	-	377,400	37,747	5,000	-	-	198,675	618,822
Exchange differences	-	-	(566)	(454)	(161)	-	(7)	-	-	(1,188)
Disposals	-	-	-	(1,427,992)	-	-	-	-	-	(1,427,992)
Written off	-	-	-	(2,800)	(35,772)	-	(2,057)	(2,400)	-	(43,029)
Reclassfication	-	-	-	(113,000)	-	113,000	-	-	-	-
At 31 August 2014	5,290,491	5,822,923	237,529	4,914,235	593,586	6,460,263	325,345	7,826	682,335	24,334,533
Accumulated depreciation										
At 1 September 2013	861,549	488,150	183,404	3,629,766	311,535	5,531,134	308,933	6,712	276,163	11,597,346
Charge for the financial year	75,768	64,659	12,828	633,086	53,498	649,995	4,390	340	85,391	1,579,955
Exchange differences	-	-	(547)	(49)	(39)	-	(7)	-	-	(642)
Disposals	-	-	-	(1,013,046)	-	-	-	-	-	(1,013,046)
Written off	-	-	-	(2,799)	(27,555)	-	(2,057)	-	-	(32,411)
Reclassfication	-	-	-	(111,116)	-	111,116	-	-	-	-
At 31 August 2014	937,317	552,809	195,685	3,135,842	337,439	6,292,245	311,259	7,052	361,554	12,131,202
Carrying amount										
At 31 August 2014	4,353,174	5,270,114	41,844	1,778,393	256,147	168,018	14,086	774	320,781	12,203,331

4. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

	Freehold land and buildings	Leasehold land and building	Furniture and fittings	Motor vehicles	Office equipment	Plant and machinery	Renovation	Tools and equipment	Moulds and blocks	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
Cost										
2013										
At 1 September 2012	5,290,491	5,952,923	236,601	5,321,227	505,065	6,278,828	327,338	7,826	426,940	24,347,239
Additions	-	-	756	1,263,050	114,031	231,435	-	2,400	56,720	1,668,392
Exchange differences	-	-	988	-	157	-	71	-	-	1,216
Disposals	-	(130,000)	-	(460,422)	-	(168,000)	-	-	-	(758,422)
Written off	-	-	(250)	(42,774)	(27,481)	-	-	-	-	(70,505)
At 31 August 2013	5,290,491	5,822,923	238,095	6,081,081	591,772	6,342,263	327,409	10,226	483,660	25,187,920
Accumulated depreciation										
At 1 September 2012	785,780	430,055	171,013	3,229,177	282,888	4,849,860	304,468	6,373	212,836	10,272,450
Charge for the financial year	75,769	65,317	11,729	849,278	53,150	847,389	4,394	339	63,327	1,970,692
Exchange differences	-	-	911	22	40	-	71	-	-	1,044
Disposals	-	(7,222)	-	(405,938)	-	(166,115)	-	-	-	(579,275)
Written off	-	-	(249)	(42,773)	(24,543)	-	-	-	-	(67,565)
At 31 August 2013	861,549	488,150	183,404	3,629,766	311,535	5,531,134	308,933	6,712	276,163	11,597,346
Carrying amount										
At 31 August 2013	4,428,942	5,334,773	54,691	2,451,315	280,237	811,129	18,476	3,514	207,497	13,590,574

Notes to the **Financial Statements**
cont'd

4. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

(a) Assets acquired under hire purchase arrangement

The carrying amount of property, plant and equipment acquired under hire purchase arrangement are as follows:

	Group	
	2014	**2013**
	RM	**RM**
Motor vehicles	257,154	1,761,359
Plant and machinery	502,019	1,118,556
	759,173	2,879,915

(b) Asset acquired term loan arrangement

Included in the property, plant and equipment of the Group are leasehold building acquired under term loan arrangement with carrying amount of RM4,172,166 (2013: RM4,216,532).

(c) Assets pledged as securities for licensed banks

The carrying amount of property, plant and equipment of the Group pledged to licensed banks as securities for credit facilities granted to the subsidiaries as disclosed in Note 17 are as follows:

	Group	
	2014	**2013**
	RM	**RM**
Freehold land and building	3,927,226	3,760,751
Leasehold land and building	5,108,994	5,169,414
	9,036,220	8,930,165

(d) The aggregate additional cost for the property, plant and equipment of the Group under hire purchase financing and cash payments are as follows:

	Group	
	2014	**2013**
	RM	**RM**
Aggregate costs	618,822	1,668,392
Less: Hire purchase financing	(94,000)	(1,108,110)
Cash payments	524,822	560,282

Notes to the **Financial Statements**
cont'd

4. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

(e) Revaluation of freehold land and buidings

The freehold land and building of the Group with carrying amount of RM371,228 (2013: RMNil) was revalued by the Directors based on open market value carried out by an independent firm of professional valuers on 10 September 1996.

Freehold land and building of the Group have not been revalued since they were first revolved in 1996. The Directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS16 (Revised). Property, plant and equipment, there assets continue to be stated at the 1996 valuation less accumulated depreciation.

(f) Remaining lease period

The remaining lease period of the leasehold land and buildings ranges from 61 to 909 years (2013: 62 to 910 years).

5. CAPITAL WORK-IN-PROGRESS

	Group	
	2014	**2013**
	RM	**RM**
At 1 September	94,485	-
Additions	891,675	94,485
At 31 August	986,160	94,485

This is in relation to expenses incurred for the construction of a factory building located at Lot 35, Jalan CJ 1/1, Taman Cheras Jaya, 43200 Cheras, Selangor.

6. INVESTMENT IN SUBSIDIARIES

(a) Investment in subsidiaries

	Company	
	2014	**2013**
	RM	**RM**
In Malaysia		
Unquoted shares, at cost	32,154,200	-

Notes to the **Financial Statements**
cont'd

6. INVESTMENT IN SUBSIDIARIES *(cont'd)*

(b) The subsidiaries and shareholdings therein are as follows:

Name of company	Country of incorporation	Effective interest 2014 %	Effective interest 2013 %	Principal activities
Direct holding:				
SCH Corporation Sdn. Bhd.	Malaysia	100	-	Investment holding.
SCH Wire-Mesh Manufacturing Sdn. Bhd.	Malaysia	100	-	Manufacturing, distributing and supplying of quarry grill.
SCH Machinery & Equipment Sdn. Bhd.	Malaysia	100	-	Supplying and distributing quarry machinery, quarry equipment and reconditioned quarry machinery as well as spare parts for quarry machinery, quarry equipment and reconditioned quarry machinery to the quarry industry.
Italiaworld Pte Ltd	Singapore	100	-	Importing and exporting wholesale and trading of heavy industrial machinery, mechanical and electrical appliances and for quarries.

The merger method of accounting was adopted for consolidation in which the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer.

There are no restrictions in the ability of the Group to access or use the assets and settle the liabilities of the subsidiaries.

7. INVENTORIES

	Group 2014 RM	Group 2013 RM
At cost:		
Raw materials	160,328	307,443
Finished goods	26,746,845	24,480,423
	26,907,173	24,787,866

In the previous financial year, the Group had inventories written off amounting to RM12,225.

Notes to the Financial Statements
cont'd

8. TRADE RECEIVABLES

	Group	
	2014	2013
	RM	RM
Trade receivables	26,569,931	19,231,909
Less: Accumulated impairment	(111,220)	(177,076)
	26,458,711	19,054,833

Trade receivables are recognised at their original invoice amounts which represent their fair value on initial recognition.

The Group's normal trade credit terms range from 150 to 180 days (2013: 150 to 180 days). Other credit terms are assessed and approved on a case by case basis.

Movements in impairment on trade receivables (individually impaired) are as follows:

	Group	
	2014	2013
	RM	RM
At 1 September	177,076	176,440
Charge for the financial year	43,268	46,224
Reversal of impairment	(57,491)	(45,588)
Written off	(51,633)	-
At 31 August	111,220	177,076

Analysis of the trade receivables ageing as at end of the financial year is as follows:

	Group	
	2014	2013
	RM	RM
Neither past due nor impaired	22,250,322	14,611,591
Past due but not impaired:		
Less than 30 days	863,340	1,489,994
31 to 60 days	614,099	593,657
More than 60 days	2,730,950	2,359,591
	4,208,389	4,443,242
	26,458,711	19,054,833
Impaired	111,220	177,076
	26,569,931	19,231,909

Notes to the **Financial Statements**
cont'd

8. TRADE RECEIVABLES *(cont'd)*

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

As at 31 August 2014, trade receivables of RM4,208,389 (2013: RM4,443,242) were past due but not impaired. Trade receivables that are past due but not impaired are unsecured in nature. As per Directors, these relate to a number of independent customers from whom there is no recent history of default.

Receivables that are impaired

The trade receivables of the Group that are individually assessed to be impaired amounting to RM111,220 (2013: RM177,076), related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

9. OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Other receivables	52,707	920,768	-	320,876
Deposits	258,275	174,382	-	-
Prepayments	30,081	667,893	-	-
	341,063	1,763,043	-	320,876

10. AMOUNT OWING FROM/(TO) SUBSIDIARIES

(a) Amount owing by subsidiaries

These amounts are unsecured, non-trade in nature, interest-free and repayable on demand.

(b) Amount owing to a subsidiary

This amount is unsecured, non-trade in nature, interest-free and repayable on demand.

11. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group amounting to RM1,366,335 (2013: RM1,526,506) has been pledged with licensed banks as securities for credit facilities granted to subsidiaries as disclosed in Note 17.

The interest rates and maturities of the fixed deposits range from 2.85% to 3.15% (2013: 2.85% to 3.15%) per annum and 30 to 365 days (2013: 30 to 365 days) respectively.

Notes to the **Financial Statements**
cont'd

12. SHARE CAPITAL

	Group/Company			
	Number of Ordinary Shares		Amount	
	2014	2013	2014	2013
	Units	Units	RM	RM
Ordinary shares of RM0.10 each:				
Authorised				
At 1 September	1,000,000	1,000,000	100,000	100,000
Created during the financial year	499,000,000	-	49,900,000	-
At 31 August	500,000,000	1,000,000	50,000,000	100,000
Issued and fully paid				
At 1 September	20	20	2	2
Issuance during the financial year				
- pursuant to acquisition of subsidiaries	321,542,000*	-	32,154,200*	-
- pursuant to public issue	90,692,000	-	9,069,200	-
At 31 August	412,234,020	20	41,223,402	2

* *In the consolidated financial statements, the share capital of RM32,154,200 is presented as if the merger had been effected throughout the financial years under the merger method of accounting.*

During the financial year,

(a) the Company increased its authorised ordinary share capital from RM100,000 to RM50,000,000 by creation of 499,000,000 ordinary shares of RM0.10 each; and

(b) the Company increased its issued and paid up share capital from RM2 to RM41,223,402 by issuance of 412,234,000 ordinary shares of RM0.10 each as part of its floatation scheme on the ACE Market of Bursa Malaysia Securities Berhad.

The new ordinary shares issued during the financial year ranked pari passu in all respect with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and rank equally with regard to the Company residual assets.

Notes to the Financial Statements
cont'd

13. SHARE PREMIUM

	Group/Company	
	2014	2013
	RM	RM
At 1 September	-	-
Premium from public issue	11,789,960	-
Listing expenses	(884,411)	-
At 31 August	10,905,549	-

The total listing expenses from the Initial Public Offering exercise amounting to RM2,815,193 of which RM884,411 were written off against share premium. The balance of the listing expenses of RM1,930,782 were recognised in the profit or loss as disclosed in Note 24.

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

14. MERGER DEFICIT RESERVE

The merger deficit arises from the difference between the nominal value of shares issued by the Company and the nominal value of shares of subsidiaries acquired under the merger method of accounting.

15. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statement for foreign operation whose functional currencies are different from the of the Group's presentation currency.

16. HIRE PURCHASE PAYABLES

	Group	
	2014	2013
	RM	RM
Minimum hire purchase payments		
Within one year	413,976	1,324,626
Between one and five years	243,783	2,347,619
	657,759	3,672,245
Less: Future finance charges	(43,573)	(324,758)
Present value of hire purchase payments	614,186	3,347,487
Present value of hire purchase payments		
Within one year	385,517	1,145,645
Between one and five years	228,669	2,201,842
	614,186	3,347,487

Notes to the **Financial Statements**
cont'd

16. HIRE PURCHASE PAYABLES *(cont'd)*

	Group	
	2014	**2013**
	RM	**RM**
Analysed as:		
Repayable within twelve months	385,517	1,145,645
Repayable after twelve months	228,669	2,201,842
	614,186	3,347,487

The hire purchase liabilities interest is charged at rates ranging from 2.10% to 4.16% (2013: 2.10% to 4.16%) per annum.

17. BANK BORROWINGS

	Group	
	2014	**2013**
	RM	**RM**
Secured (Floating rates)		
Bankers' acceptance	11,756,000	8,612,000
Bank overdraft	2,379,743	-
Term loans	2,020,324	2,810,846
Trust receipts	38,709	-
	16,194,776	11,422,846
Secured (Fixed rates)		
Term loans	-	429,432
Total bank borrowings	16,194,776	11,852,278
Analysed as:		
Repayable within twelve months		
Secured (Floating rates)		
Bankers' acceptances	11,756,000	8,612,000
Bank overdrafts	2,379,743	-
Term loans	239,020	302,637
Trust receipts	38,709	-
	14,413,472	8,914,637
Secured (Fixed rates)		
Term loans	-	193,005
	14,413,472	9,107,642

Notes to the **Financial Statements**
cont'd

17. BANK BORROWINGS *(cont'd)*

	Group	
	2014	**2013**
	RM	**RM**
Repayable after twelve months		
Secured (Floating rates)		
Term loans	1,781,304	2,508,209
Secured (Fixed rates)		
Term loans	-	236,427
	1,781,304	2,744,636
Total bank borrowings	16,194,776	11,852,278

The above credit facilities obtained from licensed banks are secured by the following:

(a) Legal charges over certain freehold and leasehold land and buildings of the subsidiaries as disclosed in Note 4;

(b) Pledge of fixed deposits of the third party;

(c) Pledge of fixed deposits of a subsidiary as disclosed in Note 11;

(d) Corporate guarantee by a subsidiary; and

(e) Joint and several guarantee by certain Directors of the Company.

Maturity of bank borrowings is as follows:

	Group	
	2014	**2013**
	RM	**RM**
Within one year	14,413,472	9,107,642
Between one and two years	252,502	427,691
Between two and three years	266,745	253,866
Between three and four years	281,792	240,818
Between four and five years	297,687	253,871
After five years	682,578	1,568,390
	16,194,776	11,852,278

Notes to the **Financial Statements**

cont'd

17. BANK BORROWINGS *(cont'd)*

Range of interest rates per annum is as follows:

	Group	
	2014	**2013**
	%	**%**
Bankers' acceptances	3.56 - 5.64	5.62 - 5.19
Bank overdrafts	6.65 - 8.36	6.65
Term loans	5.50	3.70 - 5.05
Trust receipts	7.55 - 8.30	-

18. DEFERRED TAX LIABILITIES

	Group	
	2014	**2013**
	RM	**RM**
At 1 September	139,939	(59,552)
Recognised in profit or loss (Note 25)	(9,032)	199,491
At 31 August	130,907	139,939

The net deferred tax liability and assets shown on the statements of financial position after appropriate offsetting are as follow:

	Group	
	2014	**2013**
	RM	**RM**
Deferred tax liability	135,707	155,039
Deferred tax assets	(4,800)	(15,100)
	130,907	139,939

Notes to the **Financial Statements**
cont'd

18. DEFERRED TAX LIABILITIES *(cont'd)*

The components of the deferred tax liability and assets are as follows:

	Group	
	2014	**2013**
	RM	**RM**
Deferred tax liability		
Differences between the carrying amount of property, plant and equipment and its tax base	135,707	155,039
Deferred tax assets		
Differences between the carrying amount of property, plant and equipment and its tax base	(900)	-
Unabsorbed capital allowances	-	(15,100)
Unused tax losses	(3,900)	-
	(4,800)	(15,100)

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements is as follows:

	Group	
	2014	**2013**
	RM	**RM**
Differences between the carrying amount of property, plant and equipment and its tax base	397,300	-
Unabsorbed capital allowances	-	113,700
Unused tax losses	219,000	512,400
	616,300	626,100

Deferred tax assets have not been recognised in respect of these items as it may not have sufficient taxable profits to be used to offset.

19. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 150 to 180 days (2013: 150 to 180 days). Other credit terms are assessed and approved on a case by case basis.

Notes to the **Financial Statements**
cont'd

20. OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Other payables				
- Related party	-	25,900	-	-
- Third parties	1,196,530	1,796,725	-	30,477
	1,196,530	1,822,625	-	30,477
Accruals	953,795	217,319	25,405	2,212
Deposits	104,331	124,331	-	-
	2,254,656	2,164,275	25,405	32,689

Related party refers to a company in which certain Directors of the Company have substantial financial interest.

21. AMOUNT OWING TO DIRECTORS

This amount is unsecured, non-trade in nature, interest free and repayable on demand.

22. REVENUE

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Dividend income	-	-	6,158,401	-
Sale of goods and services	65,422,527	61,251,441	-	-
	65,422,527	61,251,441	6,158,401	-

23. FINANCE COSTS

	Group	
	2014	2013
	RM	RM
Interest expenses on:		
Bank overdrafts	28,920	42,211
Bankers' acceptances	470,994	393,643
Commitment fee	-	7,677
Hire purchase	125,564	245,078
Trust receipts and letter of credit	42,939	110
Term loans	185,782	249,663
	854,199	938,382

Notes to the **Financial Statements**
cont'd

24. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is derived after charging/(crediting):

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Auditors' remuneration				
- Statutory				
- Current year	135,137	95,896	25,000	2,000
- Under provision in prior years	-	37,380	-	-
- Non-Statutory	3,000	-	-	-
Bad debts written off	42,265	70,149	-	-
Depreciation of property, plant and equipment	1,579,955	1,970,692	-	-
Directors' remuneration				
- Fees	71,500	-	71,500	-
- Salary and other emoluments	1,372,500	864,100	8,500	-
- Contribution to defined plan	164,160	164,160	-	-
Impairment on trade receivables	43,268	46,224	-	-
Inventories written off	-	12,225	-	-
Listing expenses written off	1,930,782	-	1,930,782	-
Other investment written off	-	112,000	-	-
Property, plant and equipment written off	10,618	2,940	-	-
Realised loss/(gain) on foreign exchange	58,266	(406,205)	-	-
Rental of premises	380,528	270,614	-	-
Waiver of debts	5,431	-	-	-
Bad debts recovered	(6,978)	-	-	-
Gain on disposal of property, plant and equipment	(2,667)	(275,702)	-	-
Bank interest income	(8,535)	(13,936)	(8,401)	(8)
Fixed deposit interest income	(329,222)	(39,548)	(238,557)	-
Reversal of impairment on trade receivables	(57,491)	(45,588)	-	-
Rental income	(19,880)	(5,600)	-	-

Notes to the Financial Statements
cont'd

25. TAXATION

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Tax expense recognised in profit or loss				
Current year tax	3,207,616	2,832,300	57,000	-
Over provision in prior years	(42,226)	(239,514)	-	-
	3,165,390	2,592,786	57,000	-
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	17,288	11,900	-	-
(Over)/Under provision in prior years	(26,320)	187,591	-	-
	(9,032)	199,491	-	-
	3,156,358	2,792,277	57,000	-

Malaysian income tax is calculated at the statutory rate of 25% (2013: 25%) on the chargeable income of the estimated assessable profit for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Profit/(Loss) before taxation	10,348,021	10,453,985	4,247,381	(4,516)
Taxation at statutory tax rate of 25% (2013 : 25%)	2,587,000	2,613,500	1,061,800	(1,100)
Effects of tax rates in other country	(10,415)	21,728	-	-
Tax incentive obtained from differential tax rate of 20%	-	(50,000)	-	-
Tax rebate in foreign country	-	(3,200)	-	-
Expenses not deductible for tax purposes	766,323	250,567	534,800	1,100
Income not subject to tax	(6,267)	(28,180)	(1,539,600)	-
Deferred tax assets not recognised	99,300	42,200	-	-
Utilisation of previously unrecognised tax losses and capital allowances	(101,800)	-	-	-
Utilisation of current year capital allowances	(109,237)	(2,415)	-	-
Under provision of income tax expense in prior years	(42,226)	(239,514)	-	-
(Over)/Under of deferred tax in prior years	(26,320)	187,591	-	-
Tax expense for the financial year	3,156,358	2,792,277	57,000	-

Notes to the **Financial Statements**
cont'd

25. TAXATION *(cont'd)*

Tax savings arising from tax losses:

	Group 2014 RM	Group 2013 RM
Income tax savings arising from utilisation of prior year losses previously not recognised	69,500	-

The Group has the following estimated unabsorbed capital allowances and unused tax losses available for set-off against future taxable profits. The said amounts are subjected to approval by the Inland Revenue Board.

	Group 2014 RM	Group 2013 RM
Unabsorbed capital allowances	-	174,100
Unused tax losses	234,600	512,400
	234,600	686,500

26. DIVIDENDS

	Group/Company 2014 RM	Group/Company 2013 RM
A first interim single tier dividend of RM0.01 per ordinary share (2013: RMNil) in respect of the financial year ended 31 August 2014	4,122,340	-

27. EMPLOYEE BENEFITS

	Group 2014 RM	Group 2013 RM
Employee benefits (excluding Directors)	4,111,303	3,560,840

Included in the employee benefits of the Group are contributions made to the Employees Provident Fund under a defined contribution plan for the Group amounting to RM432,441 (2013: RM363,799).

Notes to the **Financial Statements**
cont'd

28. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2014	**2013**
	RM	**RM**
Profit attributable to ordinary shareholders	7,191,663	7,661,708
Weighted average number of ordinary shares:		
Ordinary shares at 1 September	20	20
Effect of acquisition of subsdiaries	321,542,000	321,542,000*
Effect of public issue	50,936,603	-
Weighted average number of ordinary shares at 31 August	372,478,623	321,542,020
Basic earnings per ordinary shares (sen)	1.93	2.38

* *Ordinary share arising from acquisition of subsidiaries are assumed to be issued throughout the beginning of the financial year on 1 September 2012 as the acquisition of the subsidiaries were accounted for under common control using the merger method of accounting.*

(b) Diluted earnings per share

The Group has no dilution in its earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

29. CAPITAL COMMITMENT

	Group	
	2014	**2013**
	RM	**RM**
(a) **Capital commitment**		
Authorised but not contracted for:		
Purchase of property, plant and equipment	13,014,000	14,000,000
(b) **Operating lease commitment**		
Future minimum lease payments:		
Within one year	135,107	89,805
Within one year but not later than three years	123,848	142,191
	258,955	231,996

The Group has entered into commercial lease for the office rental. This lease has tenure of 3 years (2013: 3 years) with a renewal option included in the contracts.

Notes to the Financial Statements
cont'd

30. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationships with its subsidiaries and key management personnel.

(b) Significant related party transactions

In addition to related party information disclosed in Notes 10, 20 and 21, the significant related party transactions of the Company are as follows:

	Company	
	2014	**2013**
	RM	**RM**
Dividend income received from a subsidiary	6,158,401	-

(c) Information regarding compensation of key management personnel is as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Salaries and other short term employee benefits	1,368,500	864,000	4,500	-
Defined contribution plan	164,160	164,160	-	-
	1,532,660	1,028,160	4,500	-

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any Director of the Company.

31. SEGMENT INFORMATION

For management purposes, the Group reported its revenue into four (4) main business segments as follows:

	Group	
	2014	**2013**
	RM	**RM**
Revenue		
Quarry industrial products	33,050,127	27,072,989
Quarry machinery, quarry equipment and reconditioned quarry machinery	15,744,400	19,940,000
Spare parts for quarry machinery, quarry equipment and reconditioned quarry machinery	11,643,588	8,417,601
Manufacturing and distribution of quarry grill	4,984,412	5,820,851
	65,422,527	61,251,441

Notes to the **Financial Statements**
cont'd

31. SEGMENT INFORMATION *(cont'd)*

Except as indicated above, no operating segments have been aggregated to form the above reporting operating segments.

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.

32. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and receivables	Other financial liabilities at amortised cost	Total
	RM	RM	RM
Group			
2014			
Financial assets			
Trade receivables	26,458,711	-	26,458,711
Other receivables	310,982	-	310,982
Fixed deposits with licensed banks	17,559,967	-	17,559,967
Cash and bank balances	3,162,016	-	3,162,016
Total financial assets	47,491,676	-	47,491,676
Financial liabilities			
Trade payables	-	6,149,570	6,149,570
Other payables	-	2,254,656	2,254,656
Amount owing to Directors	-	19,000	19,000
Hire purchase payables	-	614,186	614,186
Bank borrowings	-	16,194,776	16,194,776
Total financial liabilities	-	25,232,188	25,232,188

Notes to the **Financial Statements**
cont'd

32. FINANCIAL INSTRUMENTS *(cont'd)*

(a) Classification of financial instruments *(cont'd)*

	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
Group			
2013			
Financial assets			
Trade receivables	19,054,833	-	19,054,833
Other receivables	1,095,150	-	1,095,150
Fixed deposits with licensed banks	1,526,506	-	1,526,506
Cash and bank balances	2,216,900	-	2,216,900
Total financial assets	23,893,389	-	23,893,389
Financial liabilities			
Trade payables	-	6,858,332	6,858,332
Other payables	-	2,164,275	2,164,275
Amount owing to Directors	-	19,000	19,000
Hire purchase payables	-	3,347,487	3,347,487
Bank borrowings	-	11,852,278	11,852,278
Total financial liabilities	-	24,241,372	24,241,372
Company			
2014			
Financial assets			
Amount owing by subsidiaries	8,118,935	-	8,118,935
Fixed deposits with licensed banks	10,151,635	-	10,151,635
Cash and bank balances	2,143,851	-	2,143,851
Total financial assets	20,414,421	-	20,414,421
Financial liabilities			
Other payables	-	25,405	25,405
Amount owing to a subsidiary	-	303,877	303,877
Total financial liabilities	-	329,282	329,282

Notes to the **Financial Statements**
cont'd

32. FINANCIAL INSTRUMENTS *(cont'd)*

(a) Classification of financial instruments *(cont'd)*

	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
Company			
2013			
Financial assets			
Other receivables	320,876	-	320,876
Cash and bank balances	1,039	-	1,039
Total financial assets	321,915	-	321,915
Financial liabilities			
Other payables	-	32,689	32,689
Amount owing to a subsidiary	-	303,877	303,877
Total financial liabilities	-	336,566	336,566

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity risk and cash flows risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Financial assets that are primarily exposed to credit risks are receivables, amount owing by subsidiaries, deposits and cash and bank balances.

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the inability of its customers to make payments when due. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

Receivables, deposits, cash and bank balances

The Group has adopted a policy of only dealing with creditworthy counterparties and deposit with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts.

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recorded on the statements of financial position. The Group has no significant concentration of credit risk with its exposure spread over a large number of customers.

Notes to the **Financial Statements**
cont'd

32. FINANCIAL INSTRUMENTS *(cont'd)*

(b) Financial risk management objectives and policies *(cont'd)*

(i) Credit risk *(cont'd)*

Amount owing by subsidiaries

The Company provides advances to subsidiaries. The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position as at the end of the reporting period.

At the end of the reporting period, there was no indication that the advances to subsidiary companies are not recoverable other than those which had been impaired. The Company does not specifically monitor the ageing of the advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitor its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

32. FINANCIAL INSTRUMENTS *(cont'd)*

(b) Financial risk management objectives and policies *(cont'd)*

(ii) Liquidity risk *(cont'd)*

	Within 1 year or on demand	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years	Total contractual cash flows	Total carrying amount
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
2014								
Financial liabilities								
Trade payables	6,149,570	-	-	-	-	-	6,149,570	6,149,570
Other payables	2,254,656	-	-	-	-	-	2,254,656	2,254,656
Amount owing to Directors	19,000	-	-	-	-	-	19,000	19,000
Hire purchase payables	413,976	142,837	52,512	44,838	3,596	-	657,759	614,186
Bank borrowings	14,518,623	344,172	344,172	344,172	344,172	1,454,428	17,349,739	16,194,776
Total financial liabilities	23,355,825	487,009	396,684	389,010	347,768	1,454,428	26,430,724	25,232,188
Group								
2013								
Financial liabilities								
Trade payables	6,858,332	-	-	-	-	-	6,858,332	6,858,332
Other payables	2,164,275	-	-	-	-	-	2,164,275	2,164,275
Amount owing to Directors	19,000	-	-	-	-	-	19,000	19,000
Hire purchase payables	1,324,626	1,229,559	785,467	255,999	76,594	-	3,672,245	3,347,487
Bank borrowings	9,272,785	562,522	561,295	350,846	344,172	1,798,600	12,890,220	11,852,278
Total financial liabilities	19,639,018	1,792,081	1,346,762	606,845	420,766	1,798,600	25,604,072	24,241,372

The financial liabilities of the Company are either mature within one year or repayable on demand.

Notes to the **Financial Statements**
cont'd

32. FINANCIAL INSTRUMENTS *(cont'd)*

(c) Market risks

(i) Foreign currency risk

The Group's exposure to foreign currency risk is minimal.

(ii) Interest rate risk

The Group is exposed to interest rate risk arising primarily from financing through interest bearing financial assets and financial liabilities. The Group's and the Company's policy is to obtain the financing with the most favourable interest rates in the market.

The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The Group and the Company are exposed to interest rate risk arising from its short and long term debts obligations, and its fixed deposits.

The carrying amounts of the Group's and the Company's financial instruments that are exposed to interest rate risk are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Financial Asset				
Fixed deposits with licensed banks	17,559,967	1,526,506	10,151,635	-
Financial Liability				
Bank borrowings	16,194,776	11,422,846	-	-

Notes to the **Financial Statements**

cont'd

32. FINANCIAL INSTRUMENTS *(cont'd)*

(c) Market risks *(cont'd)*

(iii) Interest rate sensitivity analysis

A change in 1% interest rate on financial asset and liability of the Group and of the Company which have variable interest rate at the end of the financial year would have increase/(decrease) profit before taxation and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Effect to profit or loss		Effect to equity	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Group				
Interest rate increased by 1%	13,652	(98,963)	13,652	(98,963)
Interest rate decreased by 1%	(13,652)	98,963	(13,652)	98,963
Company				
Interest rate increased by 1%	101,516	-	101,516	-
Interest rate decreased by 1%	(101,516)	-	(101,516)	-

(d) Fair value of financial instruments

Financial instruments at fair value

As the financial assets and liabilities of the Group and of the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of receivables and payables, cash and cash equivalents, inter-company balances and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

Notes to the **Financial Statements**
cont'd

32. FINANCIAL INSTRUMENTS *(cont'd)*

(d) Fair value of financial instruments *(cont'd)*

Financial instrument other than those carried at fair value *(cont'd)*

Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The carrying amounts of the financial liabilities of the Group at the end of the reporting period reasonably approximate their fair values except as follows:

	2014		2013	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	RM	**RM**	**RM**	**RM**
Group				
Financial liabilities				
Hire purchase payables (Non-current)	228,669	204,491	2,201,842	2,030,334
Bank borrowings (Non-current)	-	-	236,427	202,158

The fair value of hire purchase payables and bank borrowings, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

33. CAPITAL MANAGEMENT

The Group's management manages its capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholder value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital of the Group consists of shareholders' equity, cash and cash equivalents and bank borrowings.

The gearing ratio is as follows:

	Group	
	2014	**2013**
	RM	**RM**
Total loans and borrowings (exclude bank overdraft)	14,429,219	15,199,765
Less: Cash and cash equivalents	(16,975,905)	(2,216,900)
Net debts	(2,546,686)	12,982,865
Total equity	61,956,763	38,930,599
Debt-to-equity ratio (%)	*	33%

* *Gearing ratio is not applicable to the Group as the cash and cash equivalents is sufficient to repay outstanding loans and borrowings.*

Notes to the Financial Statements
cont'd

33. CAPITAL MANAGEMENT *(cont'd)*

The gearing ratio is not applicable to the Company as the Company do not incur borrowing as at 31 August 2014 and 31 August 2013.

There were no changes in the Group's approach to capital management during the financial year.

The Group and its subsidiaries are not subject to any externally imposed capital requirements.

34. SIGNIFICANT EVENTS

The following significant events took place for the Company during the financial year:

(a) Acquisitions of subsidiaries

On 3 January 2013, the Company had entered into four (4) sale and purchase agreements to acquire the entire equity interest in the following companies:

(i) Acquisition of SCH Corporation Sdn. Bhd. ("SCH Corporation")

The Company acquired the entire issued and paid-up share capital in SCH Corporation of RM7,880,002 comprising 7,880,002 ordinary shares of RM1.00 each for a total purchase consideration of RM23,556,900 satisfied entirely by the issuance of 235,569,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 per share. The acquisition was completed on 11 November 2013 and consequently SCH Corporation became a wholly owned subsidiary of the Company.

(ii) Acquisition of SCH Wire-Mesh Manufacturing Sdn. Bhd. ("SCHWM")

The Company acquired the entire issued and paid-up share capital in SCHWM of RM500,000 comprising 500,000 ordinary shares of RM1.00 each for a total purchase consideration of RM2,070,200 satisfied entirely by the issuance of 20,702,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 per share. The acquisition was completed on 11 November 2013 and consequently SCHWM became a wholly owned subsidiary of the Company.

(iii) Acquisition of SCH Machinery & Equipment Sdn. Bhd. ("SCHME")

The Company acquired the entire issued and paid-up share capital in SCHME of RM400,000 comprising 400,000 ordinary shares of RM1.00 each for a total purchase consideration of RM5,631,500 satisfied entirely by the issuance of 56,315,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 per share. The acquisition was completed on 11 November 2013 and consequently SCHME became a wholly owned subsidiary of the Company.

(iv) Acquisition of Italiaworld Pte Ltd ("Italiaworld")

The Company acquired the entire issued and paid-up share capital in Italiaworld of SGD100,000 comprising 100,000 ordinary shares of SGD1.00 each for a total purchase consideration of RM895,600 satisfied entirely by the issuance of 8,956,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 per share. The acquisition was completed on 11 November 2013 and consequently Italiaworld became a wholly owned subsidiary of the Company.

Notes to the **Financial Statements**
cont'd

34. SIGNIFICANT EVENTS *(cont'd)*

The following significant events took place for the Company during the financial year: *(cont'd)*

(b) Public issue

On 9 September 2013, Bursa Malaysia Securities Berhad ("Bursa Securities") had given its approval in conjunction with the Company's listing of and quotation for its entire enlarged issued and paid-up share capital on the ACE Market on the Official List of Bursa Securities. On 21 January 2014, the Company launched its prospectus in conjunction with its listing exercise on the ACE Market which entails the following:

(i) Public issue of 96,692,000 new ordinary shares at an issue price of RM0.23 per share; and

(ii) Offer for sale of 32,980,000 shares made available for application by way of private placement to selected investors an offer price of RM0.23 per share.

(c) Listing and quotation on Bursa Securities

The Company's entire enlarged issued and paid-up share capital of RM41,223,402 comprising of 412,234,020 ordinary shares of RM0.10 each was listed on the ACE Market and the Official List of Bursa Securities on 13 February 2014.

35. COMPARATIVE FIGURES

The comparative figures of the Group were presented based on the financial statements of subsidiaries accounted for by using the merger method of accounting, as these subsidiaries were under common control by the same parties both before and after the acquisitions by the Company, and that control is not transitory.

Certain comparative figures have been reclassified where necessary to conform with the current year presentation.

	As previously stated	Reclassification	As restated
	RM	RM	RM
Company			
Statement of Financial Position			
Current liabilities			
Other payables	336,566	(303,877)	32,689
Amount owing to a subsidiary	-	303,877	303,877
Statement of Cash Flows			
Cash flows from operating activities			
Change in working capital			
Other payables	306,446	(303,877)	2,569
Amount owing to a subsidiary	-	303,877	303,877

36. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Company for the financial year ended 31 August 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 19 December 2014.

Supplementary **Financial Information**

on the Disclosure of Realised and Unrealised Profits or Losses

The breakdown of the retained earnings of the Group and of the Company as of 31 August 2014 and 31 August 2013 into realised and unrealised amounts is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Retained earnings/(Accumulated losses) of the Company and its subsidiaries				
- Realised	34,726,498	31,997,141	53,388	(14,653)
- Unrealised	130,907	139,939	-	-
	34,857,405	32,137,080	53,388	(14,653)
Less : Consolidation adjustments	(563,349)	(912,347)	-	-
Total retained earnings/(accumulated losses)	34,294,056	31,224,733	53,388	(14,653)

The disclosure of realised and unrealised profits or losses is solely compiled in accordance to the Malaysian Institute of Accountants Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements issued on 20 December 2010.

The disclosure of realised and unrealised profits and losses is solely for the purpose of disclosure requirements of Bursa Malaysia Securities Berhad Listing Requirements and should not be applied for any other purpose.

List of Properties

No.	Title Details/Postal Address	Description of property/ Existing use	Land area/ Built-up area sq m	Approximate age of building (Years)	Tenure	Audited net book value as at 31.08.2014 RM
1.	Individual title held under HSD 227114, Lot PTD 62687, Mukim Pulai, Daerah Johor Bahru, Negeri Johor No. 18, 18-1 and 18-2, Jalan Sri Perkasa 1/6, Taman Tampoi Utama, 81200 Johor Bahru, Johor Darul Takzim	3-storey shophouse currently rented to an individual	204 (Land) 318 (Built-up area)	17	99 years lease expiring on 13 April 2094	427,248
2.	Individual title held under Geran 152419, Lot 32063, Mukim Pulai, Daerah Johor Bahru, Negeri Johor No. 32, Jalan Perdagangan 4, Taman Universiti, 81300, Skudai, Johor Bahru, Johor Darul Takzim	1 ½ storey terrace factory current used as warehouse by SCH Group	223 (Land) 222 (Built-up area)	21	Freehold	868,015
3.	Individual title held under Geran 152414, Lot 32061, Mukim Pulai, Daerah Johor Bahru, Negeri Johor No. 36, Jalan Perdagangan 4, Taman Universiti, 81300 Skudai, Johor Bahru, Johor Darul Takzim	1 ½ storey terrace factory current used as regional office and warehouse by SCH Group	223 (Land) 318 (Built-up area)	21	Freehold	336,667
4.	Strata title held under Geran 59390/M1/2/4, Bangunan No. M1, Tingkat No. 2, Petak No. 4, Lot 52468, Bandar Selayang, Daerah Gombak, Negeri Selangor No. 18-1B, Jalan SBC 3, Taman Sri Batu Caves, 68100, Selangor Darul Ehsan	Apartment currently rented to an individual	59 (Built-up area)	14	Freehold	54,720
5.	Individual title held under Geran 118306, Lot 37285, Pekan Kajang, Daerah Ulu Langat, Negeri Selangor No. 3, Jalan Teras 3, Kawasan Industri Teras Balakong, Taman Industri Selesa Jaya, 43300 Balakong, Selangor Darul Ehsan	1 ½ storey semi-detached factory currently used as office and warehouse by SCH Group	1,599 (Land) 952 (Built-up area)	16	Freehold	1,822,544

List of Properties
cont'd

No.	Title Details/Postal Address	Description of property/ Existing use	Land area/ Built-up area sq m	Approximate age of building (Years)	Tenure	Audited net book value as at 31.08.2014 RM'000
6.	2 individual titles held under Geran 118304, Lot 37283 & Geran 118305, Lot 37284, respectively Pekan Kajang, Daerah Ulu Langat, Negeri Selangor No. 5 and No. 7, Jalan Teras 3, Kawasan Industri Teras Balakong, Taman Industri Selesa Jaya, 43300 Balakong, Selangor Darul Ehsan	Open sided single storey detached factory currently used as warehouse and manufacturing factory by SCH Group	1,115 (Land) 990 (Built-up area)	13	Freehold	900,000
7.	Individual title held under industrial H.S.(M) 13156, PT 23677, Mukim Ceras, Tempat Cheras Jaya, Daerah Hulu Langat, Negeri Selangor Lot 35, Jalan CJ 1/1, Kawasan Perusahaan Cheras Jaya, 43200 Cheras, Selangor Darul Ehsan	Vacant Industrial Land	8,510 (Land) N/A (Built-up area)	N/A	99 years lease expiring on 30 December 2098	4,172,166
8.	Individual title held under PN 4661, Lot 44677, Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang No. 3, Jalan Industri Tanah Putih Baru 5, Batu 3, Kawasan Perindustrian Perdana Jaya, Tanah Putih, Jalan Gambang, 25150 Kuantan, Pahang Darul Makmur	1 ½ storey terrace factory current used as regional office and warehouse by SCH Group	149 (Land) 188 (Built-up area)	17	99 years lease expiring on 3 October 2075	157,329
9.	Individual title held under PN 4662, Lot 44676, Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang No. 1, Jalan Industri Tanah Putih Baru 5, Batu 3, Kawasan Perindustrian Perdana Jaya, Tanah Putih, Jalan Gambang, 25150 Kuantan, Pahang Darul Makmur	1 ½ storey terrace factory current used as regional office and warehouse by SCH Group	177 (Land) 244 (Built-up area)	17	99 years lease expiring on 3 October 2075	169,205

List of Properties
cont'd

No.	Title Details/Postal Address	Description of property/ Existing use	Land area/ Built-up area sq m	Approximate age of building (Years)	Tenure	Audited net book value as at 31.08.2014 RM'000
10.	Master title held under Parent Title Lot No. 33 (MPKK No. 6) Title Country Lease No. Industrial 015022769, District of Kota Kinabalu, Sabah Lot 6, Lorang Makat 3, Estate Perindustrian, Makat Kolombong, 88450 Kolombong, Sabah	Double storey terrace light industrial warehouse cum office current used as regional office and warehouse by SCH Group	439 (Land) 418 (Built-up area)	14	999 years lease expiring on 17 August 2923	344,166
11.	Individual title held under HSD 15745, PT 578, Mukim 06, Daerah Seberang Perai Tengah, Negeri Pulau Pinang No. 1, Lorang Nagasari 23, Taman Nagasari, Seberang Perai 13600 Pulau Pinang	Double storey semi-detached light industrial factory current used as regional office and warehouse by SCH Group	374 (Land) 129 (Built-up area)	18	Freehold	371,228

Analysis of Shareholdings
as at 8 December 2014

SHARE CAPITAL

Authorised Share Capital	:	RM50,000,000.00
Issued and Paid-up Capital	:	RM41,223,402.00
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 8 DECEMBER 2014

Size of Holding	No. of shareholders	% of shareholders	No. of holdings	% of shares
1 - 99	0	0.00	0	0.00
100 - 1,000	82	3.71	42,100	0.01
1,001 - 10,000	550	24.86	4,083,700	0.99
10,001 - 100,000	1,257	56.83	52,745,300	12.80
100,001 - 20,611,700 *	320	14.47	169,857,611	41.20
20,611,701 AND ABOVE **	3	0.13	185,505,309	45.00
Total	**2,212**	**100.00**	**412,234,020**	**100.00**

Remark:
* - *Less than 5% of Issued Shares*
** - *5% and above of Issued Shares*

SUBSTANTIAL SHAREHOLDERS AS AT 8 DECEMBER 2014

		No. of Shares held		No. of Shares held	
No.	Name of Substantial Shareholder	Direct	%	Indirect	%
1	Lau Mong Ling	79,039,224	19.17	-	-
2	Wong Sin Chin	62,543,083	15.17	-	-
3	Yeen Yoon Hin	62,542,903	15.17	-	-

DIRECTORS' INTERESTS IN SHARES AS AT 8 DECEMBER 2014

		No. of Shares held		No. of Shares held	
No.	Name of Director	Direct	%	Indirect	%
1	Chan Wan Choon	4,033,500	0.98	-	-
2	Lau Mong Ling	79,039,224	19.17	-	-
3	Wong Sin Chin	62,543,083	15.17	-	-
4	Yeen Yoon Hin	62,542,903	15.17	-	-
5	Sim Yee Fuan	50,000	0.01	-	-
6	Gan Khong Aik	420,000	0.10	-	-
7	Rahimi Bin Ramli	-	-	-	-

Analysis of Shareholdings
as at 8 December 2014
cont'd

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 8 DECEMBER 2014)

No.	Name of Shareholders	No. of Shares	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG SIN CHIN (TAMING-CL)*	61,835,103	15.00
2	LAU MONG LING	61,835,103	15.00
3	YEEN YOON HIN	61,835,103	15.00
4	M & A NOMINEE (TEMPATAN) SDN BHD *FOR LAU MONG LING*	17,000,000	4.12
5	RHB NOMINEES (TEMPATAN) SDN BHD *DMG & PARTNERS SECURITIES PTE LTD FOR TEE MAY BUAN (92365)*	10,597,000	2.57
6	SULAIMAN BIN ABU BAKAR	6,750,000	1.64
7	ABD RAHMAN BIN SOLTAN	5,000,000	1.21
8	CHAN WAN CHOON	4,033,500	0.98
9	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR MOHAMED YABUDEEN BIN MOHAMED SALAHUDEEN (MARGIN)*	2,773,000	0.67
10	LOONG CHEE MENG	2,518,300	0.61
11	YONG KOK PEW	2,300,000	0.56
12	CHOW DAI YING	2,000,000	0.49
13	YVONNE NG MEI SAN	1,950,000	0.47
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SOON THIAM YEW (AMPANG-CL)*	1,882,600	0.46
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM LEE POOI (E-TMI)*	1,815,750	0.44
16	CHONG CHEE WAI	1,649,300	0.40
17	TAN POH SOON	1,590,100	0.38
18	LOW NGOK MING	1,380,000	0.33
19	CHAN TOW CHAI	1,300,000	0.32
20	ONG POH WON	1,275,000	0.31
21	TEE LAY YEONG	1,230,000	0.30
22	TAN THIAN PAW	1,209,000	0.29
23	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAE SEW TIN (MARGIN)*	1,150,000	0.28
24	YOUNG THIM CHOY	1,150,000	0.28
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AW YONG SAU KUEN (E-TMI)*	1,107,020	0.27
26	LOH LEE WAN	1,100,000	0.27
27	TA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR KOH ENG HONG*	1,100,000	0.27
28	HOH CHEON FATT @ HO KHOY LIM	1,051,500	0.26
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG GAH @ WONG SEE YEN (BSS PTLG-CL)*	1,001,000	0.24
30	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SO SENG CHONG (SOS0005C)*	1,000,000	0.24
	TOTAL	**262,418,379**	**63.66**

Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN THAT the Third (3rd) Annual General Meeting of SCH Group Berhad ("SCH" or "the Company") will be held at Matahari 1, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, Mid Valley, 59200 Kuala Lumpur on Monday, 9 February 2015 at 10.00 a.m. for the purpose of transacting the following businesses:

1. To receive the Audited Financial Statements for the financial year ended 31 August 2014 together with the Reports of the Directors and Auditors thereon. ***Please refer to Note A***

2. To approve the payment of Directors' fees of RM71,500.00 to non-executive directors of the Company for the financial year ended 31 August 2014. ***Ordinary Resolution 1***

3. To re-elect the following Directors retiring pursuant to Section 129 of the Companies Act, 1965:-

   i) Chan Wan Choon ***Ordinary Resolution 2***
   ii) Wong Sin Chin ***Ordinary Resolution 3***

4. To re-elect the following Directors retiring pursuant to the Article 95 of the Company's Articles of Association:-

   i) Yeen Yoon Hin ***Ordinary Resolution 4***
   ii) Sim Yee Fuan ***Ordinary Resolution 5***

5. To re-appoint Messrs. UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 6***

   SPECIAL BUSINESSES:-
   To consider and, if thought fit, to pass the following Resolution:-

6. **Authority To Directors To Allot And Issue Shares** ***Ordinary Resolution 7***

   "THAT subject to the Companies Act, 1965, and the approval of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue shares of the Company from time to time upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution shall not exceed 10% of the issued capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies having been obtained for such allotment and issue, and such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company; and FURTHER THAT the Directors be and are hereby empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities")."

7. To transact any other business of the Company for which due notice shall have been given.

By order of the Board,

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)
Company Secretaries

Kuala Lumpur
16 January 2015

Notice of Annual General Meeting
cont'd

Notes

A. This Agenda item is meant for discussion only as Section 169 (1) of the Companies Act, 1965 and the Company's Articles of Association provide that the audited financial statements are to be laid in the general meeting. Hence, it is not put forward for voting.

1. A member entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. The provision of Section 149(1)(b) of the Act shall not apply to the Company.

2. Where a member appoints two (2) proxies, the appointment of such proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each such proxy

3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.

5. The Form of Proxy must be deposited at the Registered Office of the Company at Suite 10.03, Level 10, The Gardens South Tower Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

6. For the purpose of determining a member who shall be entitled to attend the Third (3rd) AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 2 February 2015. Only members whose name appears on the Record of Depositors as at 2 February 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 7: Authority To Directors To Allot And Issue Shares

The Ordinary Resolution 7, if passed, is a new General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions at any time without convening a general meeting as it would be both costs and time consuming to organise a general meeting.

Statement Accompanying **Notice of Annual General Meeting**

The Directors who are standing for re-election at the Third (3rd) Annual General Meeting of the Company are:-

(i)	Chan Wan Choon	Section 129 of the Companies Act, 1965	Ordinary Resolution 2
(ii)	Wong Sin Chin	Section 129 of the Companies Act, 1965	Ordinary Resolution 3
(iii)	Yeen Yoon Hin	Article 95	Ordinary Resolution 4
(iv)	Sim Yeen Fuan	Article 95	Ordinary Resolution 5

The profile of the above Directors are set out on pages 4 to 9 of the Annual Report 2014. The details of the interest of the above Directors in the securities of the Company or its related corporations are disclosed in the Directors report on page 34 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Corporate Governance Statement on page 15 of the Annual Report 2014.

The Third (3rd) Annual General Meeting of the Company will be held at Matahari 1, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, Mid Valley, 59200 Kuala Lumpur on Monday, 9 February 2015 at 10.00 a.m.

This page has been intentionally left blank.

SCH GROUP BERHAD
(Company No. 972700-P)

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

FORM OF PROXY

(Before completing this form please refer to the notes below)

I / We *(Full Name in Block Letters)* ______________________________

NRIC No. / Passport No. / Company No. ______________________________

of ______________________________

being a member / members of **SCH GROUP BERHAD** (972700-P), hereby appoint ______________________________

______________________________ NRIC No. / Passport ______________________________

of ______________________________

and/or ______________________________

of ______________________________

NRIC No. / Passport No. ______________________________

or failing him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on my/our behalf at the Third (3rd) Annual General Meeting of the Company to be held at Matahari 1, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, Mid Valley, 59200 Kuala Lumpur on Monday, 9 February 2015 at 10.00 a.m. and at any adjournment thereof in the manner as indicate below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	**Ordinary Resolutions** To approve the payment of Directors' fees of RM71,500.00 to the non-executive directors of the Company.		
2.	To re-elect Chan Wan Choon as Director.		
3.	To re-elect Wong Sin Chin as Director.		
4.	To re-elect Yeen Yoon Hin as Director.		
5.	To re-elect Sim Yee Fuan as Director.		
6.	To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
7.	**As Special Business:-** To approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965.		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Signed this ______________ day of ____________________ , 2015.

Signature : ______________________________
(If shareholder is a corporation, this form should be executed under seal)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy
No. of Shares : ______________
Percentage : ______________ %

Second Proxy
No. of Shares : ______________
Percentage : ______________ %

NOTES:

1. *A member entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. The provision of Section 149(1)(b) of the Act shall not apply to the Company.*
2. *Where a member appoints two (2) proxies, the appointment of such proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each such proxy*
3. *Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.*
5. *The Form of Proxy must be deposited at the Registered Office of the Company at Suite 10.03, Level 10, The Gardens South Tower Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*
6. *For the purpose of determining a member who shall be entitled to attend the Third (3rd) AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 2 February 2015. Only members whose name appears on the Record of Depositors as at 2 February 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

The Company Secretary
SCH GROUP BERHAD (972700-P)
Suite 10.03, Level 10, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

1st Fold Here