

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2014**

	<--- Individual Quarter --->		<--- Cumulative Quarter--->	
	31 August 2014 ⁽¹⁾ (Unaudited) RM'000	31 August 2013 ⁽²⁾ (Unaudited) RM'000	31 August 2014 ⁽¹⁾ (Unaudited) RM'000	31 August 2013 ⁽²⁾ (Unaudited) RM'000
Revenue	16,650	N/A	65,423	N/A
Cost of Sales	(10,903)	N/A	(40,872)	N/A
Gross Profit	5,747	N/A	24,551	N/A
Other operating income	203	N/A	576	N/A
Administrative expenses	(2,392)	N/A	(9,190)	N/A
Selling and distribution expenses	(954)	N/A	(2,832)	N/A
Listing expenses	-	N/A	(1,899)	N/A
Finance costs	(209)	N/A	(858)	N/A
Profit before taxation	2,395	N/A	10,348	N/A
Taxation	(545)	N/A	(3,157)	N/A
Profit after taxation	1,850	N/A	7,191	N/A
Other comprehensive income after tax:	-	N/A	-	N/A
Total comprehensive income	1,850	N/A	7,191	N/A
PAT ATTRIBUTABLE TO:				
- Owners of the company	1,850	N/A	7,191	N/A
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Owners of the company	1,850	N/A	7,191	N/A
Weighted average no. of ordinary shares ('000)	412,234	N/A	310,181	N/A
Earnings per share attributable to owners of the company (sen):				
- Basic ⁽³⁾	0.45	N/A	2.32	N/A

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Prospectus dated 21 January 2014 (including Proforma Consolidated Financial Information) and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the fourth interim financial report announced in compliance with the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"). There are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial year concerned.
- (3) Earnings per share for the quarter and financial year is calculated based on the net profit divided by the weighted average number of ordinary shares for the quarter and financial year respectively.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2014**

	As at 31 August 2014⁽¹⁾ (Unaudited) RM'000	As at 31 August 2013⁽²⁾ (Unaudited) RM'000
ASSETS		
NON-CURRENT ASSET		
Property, plant and equipment	12,203	N/A
Deferred tax assets	-	N/A
Capital work-in-progress	986	N/A
TOTAL NON-CURRENT ASSETS	13,189	N/A
CURRENT ASSETS		
Inventories	26,907	N/A
Trade receivables	26,459	N/A
Other receivables, Prepayments and Deposits	458	N/A
Fixed deposit with a licensed bank	17,560	N/A
Cash and bank balances	3,162	N/A
TOTAL CURRENT ASSETS	74,546	N/A
TOTAL ASSETS	87,735	N/A
EQUITY AND LIABILITIES		
EQUITY		
Share capital	41,223	N/A
Share premium	10,906	N/A
Merger Debit Arising on Consolidation	(24,515)	N/A
Retained Earnings	34,294	N/A
Foreign Currency Translation Differences for Foreign Operations	48	N/A
TOTAL EQUITY	61,956	N/A
CURRENT LIABILITIES		
Trade payables	6,150	N/A
Other payables	2,253	N/A
Amount owing to director	19	N/A
Borrowings	14,519	N/A
Hire purchase payables	385	N/A
Tax payable	417	N/A
	23,743	N/A

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2014 (Cont'd)**

	As at 31 August 2014⁽¹⁾ (Unaudited) RM'000	As at 31 August 2013⁽²⁾ (Unaudited) RM'000
NON CURRENT LIABILITIES		
Hire purchases	229	N/A
Borrowings	1,676	N/A
Deferred Taxation	131	N/A
	<u>2,036</u>	<u>N/A</u>
TOTAL LIABILITIES	25,779	N/A
TOTAL EQUITY AND LIABILITIES	87,735	N/A
	<u>15.03</u>	<u>N/A</u>
NET ASSET PER SHARE⁽³⁾ (sen)	15.03	N/A

Notes:

- (1) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Prospectus dated 21 January 2014 (including Proforma Consolidated Financial Information) and the accompanying explanatory notes attached to this interim financial report.*
- (2) *This is the fourth interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial year concerned.*
- (3) *Net asset per share for the current quarter is calculated based on the total equity divided by the number of ordinary shares in issue for the quarter.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2014**

	Share Capital RM'000	<---- Non-Distributable ---->		Translation Reserve RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
	Share Premium RM'000	Merger Reserve RM'000				
Balance as at 1 September 2013	*(3)	-	-	-	(15)	(15)
Issued of shares during the financial year	32,154	-	-	-	-	32,154
Arising from merger with subsidiaries companies	-	(24,515)	48	-	31,240	6,773
Public issue of shares	9,069	11,790	-	-	-	20,859
Shares issue expenses	-	(884)	-	-	-	(884)
Profit for the financial year	-	-	-	-	7,191	7,191
Dividend paid	-	-	-	-	(4,122)	(4,122)
Balance as at 31 August 2014	<u>41,223</u>	<u>10,906</u>	<u>(24,515)</u>	<u>48</u>	<u>34,294</u>	<u>61,956</u>

Notes:

(1) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Prospectus dated 21 January 2014 (including Proforma Consolidated Financial Information) and the accompanying explanatory notes attached to this interim financial report.*

(2) *No comparative figures are available as this is the fourth interim financial report being announced; and*

(3) *Represent less than RM1,000.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2014**

	Current year to date 31 August 2014 ⁽¹⁾ RM'000	Preceding year to date 31 August 2013 ⁽²⁾ RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,348	N/A
Adjustments for:		
Depreciation of property, plant and equipment	1,580	N/A
Property, plant and equipment written off	8	N/A
Gain on disposal of property, plant and equipment	(3)	N/A
Provision for impairment on trade receivables	23	N/A
Interest expenses	854	N/A
Interest income	(338)	N/A
Operating profit before working capital changes:	12,472	N/A
Changes in working capital		
Change in inventories	(2,127)	N/A
Change in trade and other receivables	(1,334)	N/A
Change in trade and other payables	(5,298)	N/A
CASH FLOWS FROM OPERATIONS	3,713	N/A
Interest paid	(854)	N/A
Interest received	338	N/A
Income tax paid	(2,942)	N/A
Income tax refund	353	N/A
NET CASH FROM OPERATING ACTIVITIES	608	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,414)	N/A
Proceeds from disposal of property, plant and equipment	417	N/A
Capital work-in-progress incurred	-	N/A
NET CASH USED IN INVESTING ACTIVITIES	(997)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	20,859	N/A
(Increase)/Decrease in fixed deposits pledged	160	N/A
Payment of listing expenses	(884)	N/A
Increase/(Decrease) in bankers' acceptance & trust receipts	3,183	N/A
Repayment of term loans	(1,220)	N/A
Repayment of hire purchase payables	(2,827)	N/A
Dividend paid	(4,122)	N/A
NET CASH GENERATED USED IN FINANCING ACTIVITIES	15,149	N/A

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2014 (CONT'D)**

NET INCREASE OF CASH AND CASH EQUIVALENTS	14,760	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	*⁽³⁾	N/A
ARISING FROM MERGER WITH SUBSIDIARIES COMPANIES	2,217	N/A
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENT	(1)	N/A
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16,976	N/A

Cash and cash equivalents at end of the financial year comprised of the following:

- Cash and bank balances	3,162	N/A
- Fixed deposit placed with a licensed bank	17,560	N/A
	20,722	N/A
Less: Overdraft	(2,380)	N/A
Fixed deposit pledged with licensed bank	(1,366)	N/A
	16,976	N/A

Notes:

- (1) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Prospectus dated 21 January 2014 (including Proforma Consolidated Financial Information) and the accompanying explanatory notes attached to this interim financial report;*
- (2) *This is the fourth interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial year concerned; and*
- (3) *Represent less than RM1,000.*

NOTES TO THE INTERIM FINANCIAL REPORT

A: EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 AUGUST 2014

A1. Basis of preparation

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

SCH Group Berhad (the "Company") was listed on the ACE Market Bursa Malaysia Securities on 13 February 2014. This is the fourth interim financial statements on the consolidated results for the fourth (4th) quarter ended 31 August 2014 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding period.

The interim financial statements should be read in conjunction with the Prospectus of the Company dated 21 January 2014 and the accompanying explanatory notes attached to this interim financial report.

The interim financial statements have been prepared on the basis of merger accounting, where the financial statements of the Company and its subsidiary companies ("**the Group**") have been included in the consolidated financial statements as if they have been in effect since the beginning of the financial year.

The adoption of the above standards and interpretations will not have any material impact on the financial position and performance of the Group. The accounting policies and methods of computation adopted by the Group in these unaudited condensed interim financial statements are consistent with those adopted in the financial statements as included in the Prospectus dated 21 January 2014.

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A1. Basis of preparation (cont'd)

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

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective dates for financial period beginning on and after
Amendments to MFRS 132 – Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127 – Investment Entities	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 Plan: Employee Contributions	1 July 2014
Amendments to MFRSs contained in the document titled “Annual Improvements 2010-2012 Cycle”	1 July 2014
Amendments to MFRSs contained in the document titled “Annual Improvements 2011-2013 Cycle”	1 July 2014
MFRS 9 (IFRS 9 (2009)) – Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
MFRS 9 (IFRS 9 (2009)) – Financial Instruments (IFRS 9 issued by IASB in November (2010))	1 January 2015

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A2. Auditors' report of preceding annual financial statements

In conjunction with and as an integral part of listing of the Company, the Company has completed the acquisition of SCH Corporation Sdn Bhd ("SCH Corporation"), Italiaworld Pte Ltd ("Italiaworld"), SCH Wire-Mesh Manufacturing Sdn Bhd ("SCHWM") and SCH Machinery & Equipment Sdn Bhd ("SCHME") on 11 November 2013 and formed its Group structure.

Notwithstanding the above, the audited reports on the financial statements of the subsidiary companies for the financial year ended 31 August 2013 were not subject to any qualification.

A3. Seasonal or cyclical factors

The principal businesses of the Group were not significantly affected by any seasonal or cyclical factors during the current financial quarter ended 31 August 2014 and financial year-to-date.

A4. Unusual items

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

A5. Material changes in estimates

There were no changes in the estimates of amounts reported in prior financial years that had a material effect on the current financial quarter ended 31 August 2014 and financial year-to-date.

A6. Debt and equity securities

Save as disclosed in the Company's Prospectus dated 21 January 2014, there were no other issuances, cancellation, repurchases, resale and repayment of debt and equity securities for the current financial period-to-date:

Date of allotment/ issuance	No. of shares allotted/ issued	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
22 December 2011	2	1.00	RM2/Subscribers' shares	2
31 January 2012 [^]	20	0.10	RM2/Share split	2
11 November 2013	321,542,000	0.10	RM32,154,200/Issued as consideration for the Acquisitions	32,154,202
7 February 2014	90,692,000	0.10	Cash	41,223,402

Note:

[^] On 31 January 2012, the Company undertook a share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each in the Company into ten (10) shares of RM0.10 each.

A7. Segmental information

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

	Quarter ended 31 August 2014 RM'000	Year to date ended 31 August 2014 RM'000
Quarry industrial products	7,705	33,050
Quarry machinery, quarry equipment and reconditioned quarry machinery	4,655	15,744
Spare parts for quarry machinery, quarry equipment and reconditioned quarry machinery	3,138	11,644
Manufacturing and distribution of quarry grill	1,152	4,985
Total	16,650	65,423

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

A8. Dividend Paid

An interim single-tier dividend of 1.0 sen per ordinary share of RM0.10 each, amounting to RM4,122,342.20 in respect of financial year ended 31 August 2014 was declared on 23 July 2014 and was paid by the Company on 29 August 2014.

A9. Valuation of property, plant and equipment

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

A10. Capital commitments

The capital commitments of the Group as at 31 August 2014 are as follows:-

	RM'000
Authorised but not contracted for:	
- Capital work-in-progress	13,014

A11. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial quarter except for those disclosed in Notes A6 of this interim financial report.

A12. Contingent liabilities and contingent assets

There were no changes in contingent liabilities or contingent assets since the last annual reporting period date up the date of this report.

A13. Material events subsequent to the end of the quarter

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

A14. Related party transactions

There was no related party transaction entered into with related parties during the current financial quarter.

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B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**B1. Review of performance**

For the fourth quarter ended 31 August 2014, the Group had achieved revenue of RM16.65 million, profit before tax of RM2.40 million and profit after tax of RM1.85 million.

The supply of quarry industrial products remained the Group's main revenue stream, representing 46.28% of the total revenue due to continuing demand for quarry industrial products which have short useful life.

For the financial year ended 31 August 2014, the Group recorded revenue of RM65.42 million, profit before tax of RM10.35 million and profit after tax of RM7.19 million. Overall, the supply of quarry industrial product contributed 50.52% while supply of the quarry machinery, quarry equipment and reconditioned quarry machinery contributed 24.06% of the Group's total revenue.

No comparative figures are presented for the preceding year's corresponding period as these are the fourth interim financial statements on the consolidated results for the fourth quarter ended 31 August 2014 being announced by the Group.

B2. Comparison with immediate preceding quarter's results

	Quarter ended		
	31 August	31 May	
	2014	2014	Variance
	RM'000	RM'000	RM'000
Revenue	16,650	20,414	(3,764)
Profit before tax	2,395	5,354	(2,959)

The Group's revenue for the fourth financial quarter ended 31 August 2014 has decreased by RM3.76 million or 18.44% to RM16.65 million as compared to the preceding financial quarter ended 31 May 2014.

The decrease in revenue was mainly attributable to a lower demand for quarry industrial products and machineries during the quarter under review. Nevertheless, supply of quarry industrial products business segment remained the main revenue contributor of RM7.71 million or at 46.28% of total revenue in the fourth quarter.

As a result, the Group recorded a drop in profit before tax which stood at RM2.40 million in the fourth financial quarter ended 31 August 2014 as compared to a profit before tax of RM5.35 million in the preceding financial quarter ended 31 May 2014.

B3. Prospects of the Group

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.

In the local scene, plan to venture into the quarry engineering services to further complement and strengthen our business has been ongoing.

The Group expects the next financial year to be challenging in view of cautious consumer sentiment with the impending 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.

B4. Profit forecast

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

B5. Taxation

	Quarter ended 31 August 2014 RM'000	Year to date ended 31 August 2014 RM'000
Income tax expense		
- Current financial period	601	3,208
- (Over)/provision in prior year	-	(42)
	601	3,166
Deferred tax		
- Current financial period	(19)	8
- (Over) provision in prior year	(37)	(17)
Total tax expense	545	3,157

The applicable income tax rate is 25% for the current quarter and financial year ended except for the Group's subsidiary company Italiaword which is calculated at the statutory rate of 17% based on Singapore tax rate.

The Group's effective tax rate is higher mainly due to the non-deductible of one off listing expenses of approximately RM1.20 million.

B6. Status of corporate proposals and utilisation of proceeds

(i) Status of corporate proposal

There are no corporate proposals announced.

(ii) Utilisation of proceeds

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

	Purpose	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 under estimation of listing expense 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.

B7. Borrowings

The Group's borrowings as at 31 August 2014 are as follows:-

	RM'000
Secured	
Bank Overdraft	2,380
Term loans	2,020
Bill payables	11,795
Hire Purchases	614
Total bank borrowing	16,809
Short Term	
Bank Overdraft	2,380
Term loans	344
Bill payables	11,795
Hire Purchases	385
	14,904
Long Term	
Term loans	1,676
Hire Purchases	229
	1,905

B8. Changes in material litigation

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

B9. Dividend

No dividend was proposed in respect of the current financial quarter.

B10. Earnings per share

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

	Current quarter ended		Year-to-date ended	
	31 August 2014 RM'000	31 August 2013 RM'000	31 August 2014 RM'000	31 August 2013 RM'000
Profit attributable to ordinary equity holders of the Group	1,850	N/A	7,191	N/A
Weighted average number of ordinary shares in issue ('000)	412,234	N/A	310,181	N/A
Earnings per share (sen) ^	0.45	N/A	2.32	N/A

Note:

^ Earnings per share for the quarter and financial year is calculated based on the net profit divided by the weighted average number of ordinary shares for the quarter and financial year respectively.

B11. Retained and unrealised profits/losses

	31 August 2014 RM'000	31 August 2013 RM'000
Total retained profits of the Group		
- Realised	34,726	N/A
- Unrealised	131	N/A
	<u>34,857</u>	<u>N/A</u>
Add: Consolidated adjustments	(563)	N/A
Total retained profits as per statement of financial position	<u>34,294</u>	<u>N/A</u>

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

Included in profit before tax comprised the following expense/ (income) items:

	Quarter ended 31 August 2014 RM'000	Year-to-date ended 31 August 2014 RM'000
Profit before taxation is arrived at after charging/(crediting) :-	2,395	10,348
Depreciation of property plant and equipment	356	1,580
Interest expenses	205	854
Interest income	(170)	(338)
Realised loss/(gain) on foreign exchange	(6)	(144)
Reversal of inventory written off	-	(12)
Impairment on trade receivables	32	28

**BY ORDER OF THE BOARD
27 OCTOBER 2014**