

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST (1ST) QUARTER ENDED 30 NOVEMBER 2013

	<--- Individual Quarter --->		<--- Cumulative Quarter--->	
	30 November 2013 ⁽¹⁾ (Unaudited) RM'000	30 November 2012 ⁽²⁾ (Unaudited) RM'000	30 November 2013 ⁽¹⁾ (Unaudited) RM'000	30 November 2012 ⁽²⁾ (Unaudited) RM'000
Revenue	16,010	N/A	16,010	N/A
Cost of Sales	(9,558)	N/A	(9,558)	N/A
Gross Profit	6,452	N/A	6,452	N/A
Other operating income	197	N/A	197	N/A
Administrative expenses	(2,133)	N/A	(2,133)	N/A
Selling and distribution expenses	(459)	N/A	(459)	N/A
Listing expenses	(700)	N/A	(700)	N/A
Finance costs	(187)	N/A	(187)	N/A
Profit before taxation	3,170	N/A	3,170	N/A
Taxation	(968)	N/A	(968)	N/A
Profit after taxation ("PAT")	2,202	N/A	2,202	N/A
Other comprehensive income after tax:	-	N/A	-	N/A
Total comprehensive income for the period	2,202	N/A	2,202	N/A
PAT ATTRIBUTABLE TO:				
- Owners of the company	2,202	N/A	2,202	N/A
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Owners of the company	2,202	N/A	2,202	N/A
Weighted average no. of ordinary shares ('000)	70,669	N/A	70,669	N/A
Earnings per share attributable to owners of the company (sen):				
- Basic ⁽³⁾	3.12	N/A	3.12	N/A
- Diluted ⁽⁴⁾	0.53	N/A	0.53	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 first 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 period concerned.*
- (3) *Basic earnings per share for the quarter and financial period is calculated based on the net profit divided by the weighted average number of ordinary shares for the quarter and financial period respectively.*
- (4) *The diluted net earnings per share is computed by dividing profit after taxation by the proposed enlarged number of ordinary shares of 412,234,020 shares subsequent to the listing.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2013

	As at 30 November 2013⁽¹⁾ (Unaudited) RM'000	As at 30 November 2012⁽²⁾ (Unaudited) RM'000
ASSETS		
NON-CURRENT ASSET		
Property, plant and equipment	13,324	N/A
Deferred tax assets	17	N/A
TOTAL NON-CURRENT ASSETS	13,341	N/A
CURRENT ASSETS		
Inventories	23,347	N/A
Trade receivables	19,646	N/A
Other receivables, Prepayments and Deposits	997	N/A
Fixed deposit with a licensed bank	1,536	N/A
Cash and bank balances	3,062	N/A
TOTAL CURRENT ASSETS	48,588	N/A
TOTAL ASSETS	61,929	N/A
EQUITY AND LIABILITIES		
EQUITY		
Share capital	32,154	N/A
Merger Debit Arising on Consolidation	(24,515)	N/A
Retained Earnings	33,427	N/A
Foreign Currency Translation Differences for Foreign Operation	30	N/A
TOTAL EQUITY	41,096	N/A
CURRENT LIABILITIES		
Trade payables	5,336	N/A
Other payables	1,614	N/A
Amount owing to director	19	N/A
Borrowings	9,020	N/A
Hire purchase payables	1,146	N/A
Tax payable	391	N/A
	17,526	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2013 (Cont'd)

	As at 30 November 2013⁽¹⁾ (Unaudited) RM'000	As at 30 November 2012⁽²⁾ (Unaudited) RM'000
NON CURRENT LIABILITIES		
Hire purchases	650	N/A
Borrowings	2,517	N/A
Deferred Taxation	140	N/A
	3,307	N/A
TOTAL LIABILITIES	20,833	N/A
TOTAL EQUITY AND LIABILITIES	61,929	N/A
NET ASSET PER SHARE⁽³⁾ (sen)	12.78	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 first 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 period 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.*

SCH GROUP BERHAD
(972700-P)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST (1ST) QUARTER ENDED 30 NOVEMBER 2013

	Share Capital RM'000	<---- Non-Distributable ---->		Distributable Retained Earnings RM'000	Total Equity RM'000
		Merger Reserve RM'000	Translation Reserve RM'000		
Balance as at 1 September 2013	*(3)	-	-	(15)	(15)
Issued of shares during the financial period	32,154	-	-	-	32,154
Arising from merger with subsidiaries companies	-	(24,515)	30	31,240	6,755
Profit for the financial period	-	-	-	2,202	2,202
Balance as at 30 November 2013	<u>32,154</u>	<u>(24,515)</u>	<u>30</u>	<u>33,427</u>	<u>41,096</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 first interim financial report being announced; and*

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 30 NOVEMBER 2013

	Current year to date 30 November 2013 ⁽¹⁾ RM'000	Preceding year to date 30 November 2012 ⁽²⁾ RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,170	N/A
Adjustments for:		
Depreciation of property, plant and equipment	353	N/A
Reversal of inventories written off	(12)	N/A
Reversal of impairment on trade receivables	(6)	N/A
Interest expenses	182	N/A
Interest income	(8)	N/A
Operating profit before working capital changes:	3,679	N/A
Changes in working capital		
Change in inventories	1,442	N/A
Change in trade and other receivables	(1,186)	N/A
Change in trade and other payables	(514)	N/A
CASH FLOWS FROM OPERATION	3,421	N/A
Interest paid	(182)	N/A
Interest received	8	N/A
Income tax paid	(412)	N/A
NET CASH FROM OPERATING ACTIVITIES	2,835	N/A
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(57)	N/A
Proceeds from disposal of property, plant and equipment	158	N/A
NET CASH FROM INVESTING ACTIVITIES	101	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(315)	N/A
Repayment of hire purchase payables	(1,646)	N/A
Fixed deposit pledged	(9)	N/A
NET CASH GENERATED FROM FINANCING ACTIVITIES	(1,970)	N/A
NET INCREASE OF CASH AND CASH EQUIVALENTS	966	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	* (3)	N/A
ARISING FROM MERGER WITH SUBSIDIARIES COMPANIES	2,037	N/A
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENT	59	N/A
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	3,062	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 30 NOVEMBER 2013

Cash and cash equivalents at end of the financial period
comprise the following:

- Cash and bank balances	3,062	N/A
- Fixed deposit placed with a licensed bank	1,536	N/A
	<hr/>	
	4,598	N/A
Less: Fixed deposit pledged with licensed bank	(1,536)	N/A
	<hr/>	
	3,062	N/A
	<hr/>	

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 first 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 period concerned; and*
- (3) Represent less than RM1,000.*

QUARTERLY REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 NOVEMBER 2013

A: EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2013

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 Market Listing Requirements of Bursa Malaysia Securities Berhad.

This is the first interim financial statements on the consolidated results for the first (1ST) quarter ended 30 November 2013 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 preparation of the Proforma Consolidated Financial Information as included in the Prospectus dated 21 January 2014.

At the date of authorisation of these interim financial statements, the following MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by 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
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 October (2010))	1 January 2015

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 seasonal or cyclical factors during the current financial quarter ended 30 November 2013 and financial period-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 period-to-date.

A5. Material changes in estimates

There were no changes in the estimates of amounts reported in prior financial years that had a material effect on the current financial quarter 30 November 2013 and financial period-to-date.

A6. Debt and equity securities

Save as disclosed in the Company's Prospectus dated 21 January 2014 and in Note B6, there were no other issuances, cancellation, repurchase 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

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 30 November 2013 RM'000	Year to date ended 30 November 2013 RM'000
Quarry industrial products	8,365	8,365
Quarry machinery, quarry equipment and reconditioned quarry machinery	3,279	3,279
Spare parts for quarry machinery, quarry equipment and reconditioned quarry machinery	2,861	2,861
Manufacturing and distribution of quarry grill	1,505	1,505
Total	16,010	16,010

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. Valuation of property, plant and equipment

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

A9. Capital commitments

The capital commitments in respect of the property, plant and equipment as at 30 November 2013 amounts to RM14.0 million.

A10. 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 and B6 of this interim financial report.

A11. Contingent liabilities and contingent assets

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

A12. Material events subsequent to the end of the quarter

Save as disclosed in B6, there were no other material events subsequent to the end of current quarter and financial period-to-date that have not been reflected in this interim financial report.

A13. Related party transactions

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

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of performance

For the current financial quarter ended 30 November 2013, the Group recorded revenue of approximately RM16.01 million. Based on the above segmental analysis on Note A(7), the Group has four (4) sources of income stream. The supply of quarry industrial products is the Group's main revenue stream, representing 52.2% of the Group's total revenue generated for the current financial quarter ended 30 November 2013. The demand for the quarry industrial products from the existing customers is recurring in nature as most of the quarry industrial products have a short industrial useful life of approximately three (3) to six (6) months.

For the current financial quarter ended 30 November 2013, the Group achieved PAT of approximately RM2.20 million. As this is the first interim financial report being announced by the Company, no comparative figures for the preceding financial quarter ended 30 November 2012 and financial year-to-date are available.

B2. Comparison with immediate preceding quarter's results

There are no comparative figures for the immediate preceding quarter as this is the first interim financial report announced by the Company in compliance with the Listing Requirements.

B3. Prospects

As disclosed in the Prospectus of the Company dated 21 January 2014, the Group have in place a series of future business plans that are focused in expanding the Group's presence and market share both in the domestic and regional markets, expanding the Group's manpower to better service its customers as well as expanding the Group's range of products and services.

Barring any unforeseen circumstances, the Board of Directors is optimistic about the Group's performance for the financial year ending 31 August 2014.

B4. Profit forecast

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

B5. Income tax expenses

	Quarter ended 30 November 2013 RM'000	Year to date ended 30 November 2013 RM'000
Income tax expense	968	968
Effective tax rate (%)	25	25

The income tax of SCH Corporation, SCHME and SCHWM is calculated at the statutory rate of 25% of chargeable income.

The income tax rate for Italiaworld is calculated at the statutory rate of 17% of chargeable income.

B6. Status of corporate proposals and utilisation of proceeds

(i) Status of corporate proposal

In conjunction with and as an integral part of listing of the Company on the ACE Market of Bursa Securities ("**Listing**"), the Company had undertaken the following:

(a) Acquisitions

- Acquisition of SCH Corporation

Acquisition by the Company of the entire issued and paid-up share capital in SCH Corporation comprising 7,880,002 ordinary shares of RM1.00 each for a total purchase consideration of RM23,556,900 which was wholly satisfied by the issuance of 235,569,000 new ordinary shares of RM0.10 each in the Company.

- Acquisition of Italiaworld

Acquisition by the Company of the entire issued and paid-up share capital in Italiaworld comprising 100,000 ordinary shares of SGD1.00 each for a total purchase consideration of RM895,600 which was wholly satisfied by the issuance of 8,956,000 new ordinary shares of RM0.10 each in the Company.

- Acquisition of SCHWM

Acquisition by the Company of the entire issued and paid-up share capital in SCHWM comprising 500,000 ordinary shares of RM1.00 each for a total purchase consideration of RM2,070,200 which was wholly satisfied by the issuance of 20,702,000 new ordinary shares of RM0.10 each in the Company.

B6. Status of corporate proposals and utilisation of proceeds (Cont'd)

(i) Status of corporate proposal (Cont'd)

(a) Acquisitions (Cont'd)

- Acquisition of SCHME

Acquisition by the Company of the entire issued and paid-up share capital in SCHME comprising 400,000 ordinary shares of RM1.00 each for a total purchase consideration of RM5,631,500 which was wholly satisfied by the issuance of 56,315,000 new ordinary shares of RM0.10 each in the Company.

(the above transactions are collectively refer to as **"Acquisitions"**)

The above Acquisitions were completed on 11 November 2013.

(b) Public Issue

The Company undertook a public issue up to 90,692,000 new ordinary shares of RM0.10 each (**"Share(s)"**) (**"Public Issue"**) representing approximately 22% of the Company's enlarged issued and paid-up share capital at an issue price of RM0.23 per Shares comprising:

- 13,000,000 Issue Shares will be made available for application by the Malaysian Public, to be allocated via ballot;
- 13,000,000 Issue Shares made available to the eligible Directors, employees and business associates/persons who have contributed to the success of the Group;
- 19,662,000 new shares by way of private placement to selected investors;
- 45,030,000 new shares by way of private placement to identified Bumiputera investors approved by the Ministry of International Trade and Industry; and

(c) Offer for Sales

Concurrent with the listing, the Company will undertake an offer for sale of 32,980,000 Shares (**"Offer Shares"**) at the IPO Price. The Offerors are offering for sale 32,980,000 Offer Shares, representing approximately 8.0% of the enlarged issued and paid-up share capital to selected investors. The Offer Shares are payable in full on application upon such terms and conditions as set out in this Prospectus.

B6. Status of corporate proposals and utilisation of proceeds (Cont'd)

(i) Status of corporate proposal (Cont'd)

(d) Listing on Bursa Securities

Subsequent to the Public Issue, the Company's entire enlarged issued and paid-up share capital of RM41,223,402 comprising 412,234,020 Shares of RM0.10 is expected to be listed on the ACE Market of Bursa Securities on 13 February 2014.

(ii) Utilisation of proceeds

The gross proceeds from the Public Issue amounting to RM20.86 million are expected to be utilised in the following manner:-

	Purpose	RM'000	%	Estimated Time Frame for Utilisation (from date of Listing)
i)	Estimated listing expenses	2,000	9.59	Within one (1) year after listing
ii)	Capital expenditure on construction of the new operation facility	10,000	47.94	Within three (3) year after listing
iii)	General working capital requirements	8,859	42.47	Within one(1) year after listing
		20,859	100.00	

B7. Borrowings

The Group's borrowings as at 30 November 2013 are as follows:-

	RM'000
Secured	
Term loans	3,091
Bill payables	8,446
Hire Purchases	1,796
Total bank borrowing	13,333
Short Term	
Term loans	574
Bill payables	8,446
Hire Purchases	1,146
	10,166
Long Term	
Term loans	2,517
Hire Purchases	650
	3,167

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. Dividends

There were no dividends paid or declared for the current financial quarter.

B10. Earnings per share

The basic and diluted 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	
	30	30	30	30
	November	November	November	November
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the Group	2,202	N/A	2,202	N/A
Weighted average number of ordinary shares in issue (000)	70,669	N/A	70,669	N/A
Basic earnings per share (sen) ^	3.12	N/A	3.12	N/A
Diluted earnings per share (sen)#	0.53	N/A	0.53	N/A

Note:

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

The diluted net earnings per share is computed by dividing profit after taxation by the enlarged number of ordinary shares assumed after the listing of 412,234,020 Shares.

B11. Retained and unrealised profits/losses

	30 November 2013 RM'000	30 November 2012 RM'000
Total retained profits of the Group		
- Realised	34,113	N/A
- Unrealised	(123)	N/A
	<hr/> 33,990	<hr/> N/A
Add: Consolidated adjustments	(563)	N/A
Total retained profits as per statement of financial position	<hr/> 33,427	<hr/> N/A

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 30 November 2013 RM'000	Year-to- date ended 30 November 2013 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Depreciation of property plant and equipment	353	353
Interest expenses	182	182
Interest income	(8)	(8)
Realised gain on foreign exchange	136	136
Reversal of inventory written off	(12)	(12)
Reversal of impairment on trade receivables	(6)	(6)