



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

Interim Financial Report  
For the First (1st) Quarter ended  
30 November 2015

## SCH GROUP BERHAD (972700-P)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 30 NOVEMBER 2015

*(The figures have not been audited)*

	<--- Individual Quarter --->		<-- Cumulative Quarter--->	
	30 November 2015 RM'000	30 November 2014 RM'000	30 November 2015 RM'000	30 November 2014 RM'000
Revenue	11,660	18,628	11,660	18,628
Cost of Sales	(7,168)	(9,867)	(7,168)	(9,867)
Gross Profit	4,492	8,761	4,492	8,761
Other operating income	192	206	192	206
Administrative expenses	(2,272)	(2,216)	(2,272)	(2,216)
Selling and distribution expenses	(462)	(574)	(462)	(574)
Other expenses	(159)	-	(159)	-
Finance costs	(126)	(232)	(126)	(232)
Profit before taxation	1,665	5,945	1,665	5,945
Taxation	(451)	(1,481)	(451)	(1,481)
Profit after taxation	1,214	4,464	1,214	4,464
Other comprehensive income after tax:				
Exchange translation differences for foreign operation	9	38	9	38
Total comprehensive income for the financial period	1,223	4,502	1,223	4,502
<b>PAT ATTRIBUTABLE TO:</b>				
- Owners of the company	1,214	4,464	1,214	4,464
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
- Owners of the company	1,223	4,502	1,223	4,502
Weighted average no. of ordinary shares ('000)	412,234	412,234	412,234	412,234
Earnings per share attributable to owners of the company (sen):				
- Basic	0.29	1.08	0.29	1.08

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2015 and the accompanying explanatory notes attached to the interim financial report.

# SCH GROUP BERHAD (972700-P)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 NOVEMBER 2015

*(The figures have not been audited)*

	As at 30 November 2015 RM'000	(Audited) As at 31 August 2015 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSET</b>		
Property, plant and equipment	10,875	12,450
Capital work-in-progress	7,655	5,676
<b>TOTAL NON-CURRENT ASSETS</b>	<b>18,530</b>	<b>18,126</b>
<b>CURRENT ASSETS</b>		
Inventories	24,512	26,021
Trade receivables	17,384	17,950
Other receivables, prepayments and deposits	4,779	611
Tax recoverable	484	537
Fixed deposit with a licensed bank	9,631	12,113
Cash and bank balances	2,397	3,378
<b>TOTAL CURRENT ASSETS</b>	<b>59,187</b>	<b>60,610</b>
<b>TOTAL ASSETS</b>	<b>77,717</b>	<b>78,736</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	41,223	41,223
Share premium	10,906	10,906
Merger deficit reserve	(24,515)	(24,515)
Foreign currency translation reserves	214	205
Retained earnings	37,846	36,632
<b>TOTAL EQUITY</b>	<b>65,674</b>	<b>64,451</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	2,168	2,310
Other payables	1,288	1,973
Amount owing to directors	19	19
Hire purchase payables	64	494
Bank borrowings	7,985	8,150
Tax payable	207	324
	<b>11,731</b>	<b>13,270</b>

## SCH GROUP BERHAD (972700-P)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 NOVEMBER 2015 (Cont'd)

*(The figures have not been audited)*

	As at 30 November 2015 RM'000	(Audited) As at 31 August 2015 RM'000
<b>NON CURRENT LIABILITIES</b>		
Hire purchase payables	167	870
Bank borrowings	-	-
Deferred tax liabilities	145	145
	312	1,015
<b>TOTAL LIABILITIES</b>	<b>12,043</b>	<b>14,285</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>77,717</b>	<b>78,736</b>
<b>NET ASSET PER SHARE (sen)</b>	<b>15.93</b>	<b>15.63</b>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2015 and the accompanying explanatory notes attached to this interim financial report.

## SCH GROUP BERHAD (972700-P)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 30 NOVEMBER 2015

*(The figures have not been audited)*

	Share Capital RM'000	←----- Non-Distributable -----→ Share Premium RM'000	Merger Reserve RM'000	Translation Reserve RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
Balance as at 1 September 2015	41,223	10,906	(24,515)	205	36,632	64,451
Profit for the financial period					1,214	1,214
Other comprehensive income for the financial period				9		9
Total comprehensive income for the financial period						1,223
Dividends						-
Balance as at 30 November 2015	41,223	10,906	(24,515)	214	37,846	65,674

	Share Capital RM'000	Share Premium RM'000	Merger Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
Balance as at 1 September 2014	41,223	10,906	(24,515)	48	34,294	61,956
Profit for the financial period					4,464	4,464
Other comprehensive income for the financial period				38		38
Total comprehensive income for the financial period						4,502
Public issue of shares			-	-	-	
Share issue expenses			-	-	-	
Dividends						
Balance as at 30 November 2014	41,223	10,906	(24,515)	86	38,758	66,458

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2015 and the accompanying explanatory notes attached to this interim financial report.

## SCH GROUP BERHAD (972700-P)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 30 NOVEMBER 2015

*(The figures have not been audited)*

	30 November 2015 RM'000	30 November 2014 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	1,665	5,945
Adjustment for:		
Depreciation of property, plant and equipment	298	336
Interest expenses	126	232
Property, plant and equipment written off	159	2
Interest income	(122)	(45)
Operating profit before working capital changes	2,126	6,470
<b>Changes in working capital:</b>		
Inventories	2,654	(3,267)
Trade and other receivables	(3,600)	1,887
Trade and other payables	(827)	(1,617)
	(1,773)	(2,997)
Cash generated from operations	353	3,473
Interest received	122	45
Interest paid	(126)	(232)
Tax refund	-	121
Tax paid	(516)	(481)
Exchange differences	9	37
	(511)	(510)
Net cash (used in)/from operating activities	(158)	2,963
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(25)	(73)
Payment for capital work-in-progress	(1,980)	-
Net cash used in investing activities	(2,005)	(73)
<b>Cash Flows From Financing Activities</b>		
Net repayment of bank borrowings	-	(138)
Net repayment of hire purchase payables	(1,134)	(94)
Changes on bankers' acceptance & trust receipts	(2,024)	(539)
(Increase)/decrease in fixed deposits pledged	(28)	(2,096)
Net cash used in financing activities	(3,186)	(2,867)
Net (decrease)/increase in cash and cash equivalents	(5,349)	23
Cash and cash equivalents at beginning of the financial period	11,908	16,976
Cash and cash equivalents at end of the financial period	<b>6,559</b>	<b>16,999</b>

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST (1<sup>st</sup>) QUARTER ENDED 30 NOVEMBER 2015 (Con't)

*(The figures have not been audited)*

	<b>30</b>	<b>30</b>
	<b>November</b>	<b>November</b>
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash and cash equivalents at end of the financial period</b>		
<b>comprises:</b>		
- Fixed deposits placed with a licensed banks	9,631	18,592
- Cash and bank balances	2,397	2,820
- Bank overdraft	(1,897)	(950)
	<hr/> 10,131	<hr/> 20,462
Less: Fixed deposits pledged with licensed banks	(3,572)	(3,463)
	<hr/> <b>6,559</b>	<hr/> <b>16,999</b>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2015 and the accompanying explanatory notes attached to this interim financial report.

## NOTES TO THE INTERIM FINANCIAL REPORT

### A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2015

#### A1. Basis of preparation

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2015 and the accompanying explanatory notes attached to this interim financial report.

The accounting policies adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 August 2015. The Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

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

<b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective dates for financial period beginning on and after</b>
MFRS 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
Amendments to MFRS 101 - Disclosure Initiative	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 – Investment Entities: Applying the Consolidation Exception	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



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### A2. Auditors' report of preceding annual audited financial statements

The auditors' report on the preceding year audited financial statements was not subject to any qualification.

### A3. Seasonal or cyclical factors

The businesses of the Group were not affected by seasonal or cyclical factors.

### A4. Unusual items

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

### A5. Material changes in estimates

There were no changes in the estimates of amounts reported in prior financial years that had a material effect on the current financial quarter ended 30 November 2015 and financial period-to-date.

### A6. Debt and equity securities

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

### A7. Segmental information

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

	Quarter ended 30 November 2015 RM'000	Quarter ended 30 November 2014 RM'000
Quarry industrial products	4,800	5,806
Quarry machinery, quarry equipment and reconditioned quarry machinery	3,978	7,955
Spare parts for quarry machinery, quarry equipment and reconditioned quarry machinery	1,956	3,538
Manufacturing and distribution of quarry grill	926	1,329
Total	<u>11,660</u>	<u>18,628</u>

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.

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### A8. Dividend

A final single-tier dividend of 0.5 sen per ordinary share totalling RM2.06 million in respect of financial year ended 31 August 2015 have been approved by the shareholders at the Annual General Meeting held on 26 January 2016.

The final single-tier dividend will be payable on 26 February 2016 to shareholders whose names appear in the Record of Depositors of the Company at 12 February 2016.

### A9. Valuation of property, plant and equipment

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

### A10. Capital commitments

The capital commitments of the Group as at 30 November 2015 were as follows:-

	<b>RM'000</b>
Authorised and contracted for:	
- Capital work-in-progress	4,755

### A11. Changes in the composition of the Group

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

### A12. Contingent liabilities and contingent assets

There were no contingent assets as at the date of this interim financial report.

Contingent liabilities of the Group as at 30 November 2015 were as follows:-

	<b>RM'000</b>
Corporate guarantees issued in favour of its subsidiaries	55,900

### A13. Material events subsequent to the end of the quarter

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

### A14. Related party transactions

Transactions with a company in which a Director has interest for the period ended 30 November 2015 were as follows:-

	<b>RM'000</b>
Transportation charges paid	8

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS****B1. Review of performance****Q1/2016 compared to Q1/2015**

For the current financial quarter ended 30 November 2015, the Group recorded revenue of RM11.66 million as compared to RM18.63 million in the corresponding quarter of last year, a decrease of RM6.97 million or 37.41%.

As disclosed in note A7, all four (4) business segments recorded a decline in revenue especially in the segments of supply of machineries and supply of spare parts for machineries.

Demand continued to remain sluggish due to prevailing weak consumers' sentiment amid current challenging economic outlook.

Consequently, a profit before tax of RM1.67 million was being recorded for the quarter under review as compared to a profit before tax of RM5.95 million in the comparable quarter of last year.

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

	Quarter ended		
	30 November	31 August	
	2015	2015	Variance
	RM'000	RM'000	RM'000
Revenue	11,660	9,615	2,045
Profit/(loss) before tax	1,665	(522)	2,187

The Group's revenue for the first financial quarter ended 30 November 2015 has increased by RM2.05 million or 21.27% to RM11.66 million as compared to RM9.62 million in the preceding financial quarter ended 31 August 2015.

For the quarter under review, all business segments of the Group except for the manufacturing segment have contributed to the increase in revenue of RM2.05 million. Correspondingly, profit before tax has increased by RM2.19 million to RM1.67 million as compared to a loss before tax of RM0.52 million in the previous quarter ended 31 August 2015.

**B3. Prospects**

The Group envisaged that the outlook of the quarry market remains tough. Quarry customers are holding back their capex spending due to high import costs of quarry products as a result of weak Ringgit.

Plans to expand its business in Singapore and Cambodia are on-going. The Group expects these 2 business sectors to start contributing to the Group's revenue and bottom line soon.

Despite the uncertainties ahead, the Group will continue to strive to remain competitive for the financial year ending 31 August 2016.

## SCH GROUP BERHAD (972700-P)

### B4. Profit forecast

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

### B5. Taxation

	Individual Quarter Ended		Cumulative Quarter Ended	
	30 November 2015	30 November 2014	30 November 2015	30 November 2014
Income tax expense				
- Current financial period	451	1,481	451	1,481
- (Over) provision in prior year	-	-	-	-
	<u>451</u>	<u>1,481</u>	<u>451</u>	<u>1,481</u>
Deferred tax				
- Current financial period	-	-	-	-
- (Over) provision in prior year	-	-	-	-
Total tax expense	<u>451</u>	<u>1,481</u>	<u>451</u>	<u>1,481</u>

The applicable income tax rate is 25% except for the Group's subsidiary company Italiaworld Pte Ltd which is calculated at the statutory rate of 17% based on Singapore tax rate.

### B6. Status of corporate proposals and utilisation of proceeds

#### (i) Status of corporate proposal

There is no corporate proposal announced as at the date of this report.

#### (ii) Utilisation of proceeds

As at 30 November 2015, 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	7,111	2,889	Within 36 months
iii)	General working capital requirements	8,859	8,859	-	Within 12 months
		<u>20,859</u>	<u>17,970</u>	<u>2,889</u>	

## SCH GROUP BERHAD (972700-P)

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### B7. Borrowings

The Group's borrowings were as follows:-

	As at 30 November 2015 RM'000	As at 31 August 2015 RM'000
<b>Secured</b>		
Bank overdraft	1,897	38
Bill payables	6,088	8,112
Hire purchases	231	1,364
Term loans	-	-
<b>Total bank borrowings</b>	<b>8,216</b>	<b>9,514</b>
<b>Short Term</b>		
Bank overdraft	1,897	38
Bill payables	6,088	8,112
Hire purchases	64	494
Term loans	-	-
	<b>8,049</b>	<b>8,644</b>
<b>Long Term</b>		
Hire purchases	167	870
Term loans	-	-
	<b>167</b>	<b>870</b>

### 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 of any fact likely to give rise to any proceedings.

### B9. Dividend Proposed

No dividend proposed for the financial quarter.

## SCH GROUP BERHAD (972700-P)

### B10. Earnings per share

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

	Individual Quarter ended		Cumulative Quarter ended	
	30 November 2015	30 November 2014	30 November 2015	30 November 2014
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the Group	1,214	4,464	1,214	4,464
Weighted average number of ordinary shares in issue (000)	412,234	412,234	412,234	412,234
Basic earnings per share (sen) ^	0.29	1.08	0.29	1.08

Note:

^ Basic 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 period respectively.

### 11. Retained and unrealised profits/losses

	As at 30 November 2015	As at 31 August 2015
	RM'000	RM'000
Total retained earnings of the Group		
- Realised	38,264	37,050
- Unrealised	145	145
	<hr/>	<hr/>
	38,409	37,195
less: Consolidated adjustments	563	563
Total retained profits as per statement of financial position	<hr/>	<hr/>
	37,846	36,632

## SCH GROUP BERHAD (972700-P)

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

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

	<b>Quarter ended 30 November 2015 RM'000</b>	<b>Year-to- date ended 30 November 2015 RM'000</b>
Profit before taxation is arrived at after charging/(crediting) :-		
Depreciation of property plant and equipment	298	298
Property, plant and equipment written off	159	159
Interest expenses	126	126
Interest income	(122)	(122)
Realised gain on foreign exchange	(3)	(3)

### B13. Comparative figures

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

**BY ORDER OF THE BOARD**  
**27 January 2016**