www.schgroup.com.my

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Kawasan Perindustrian Teras Balakong,
Taman Industri Selesa Jaya,
43300 Balakong,
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Fax : +603-8961 1002/8962 1002

SCH GROUP BERHAD (Company No. 972700-P)

Annual Report 2015

SCH GROUP BERHAD
(Company No. 972700-P)

Nakayama Dendoman NE Series

SPECIALIST SUPPLIER OF QUARRY INDUSTRIAL PRODUCTS, MACHINERY & EQUIPMENTS



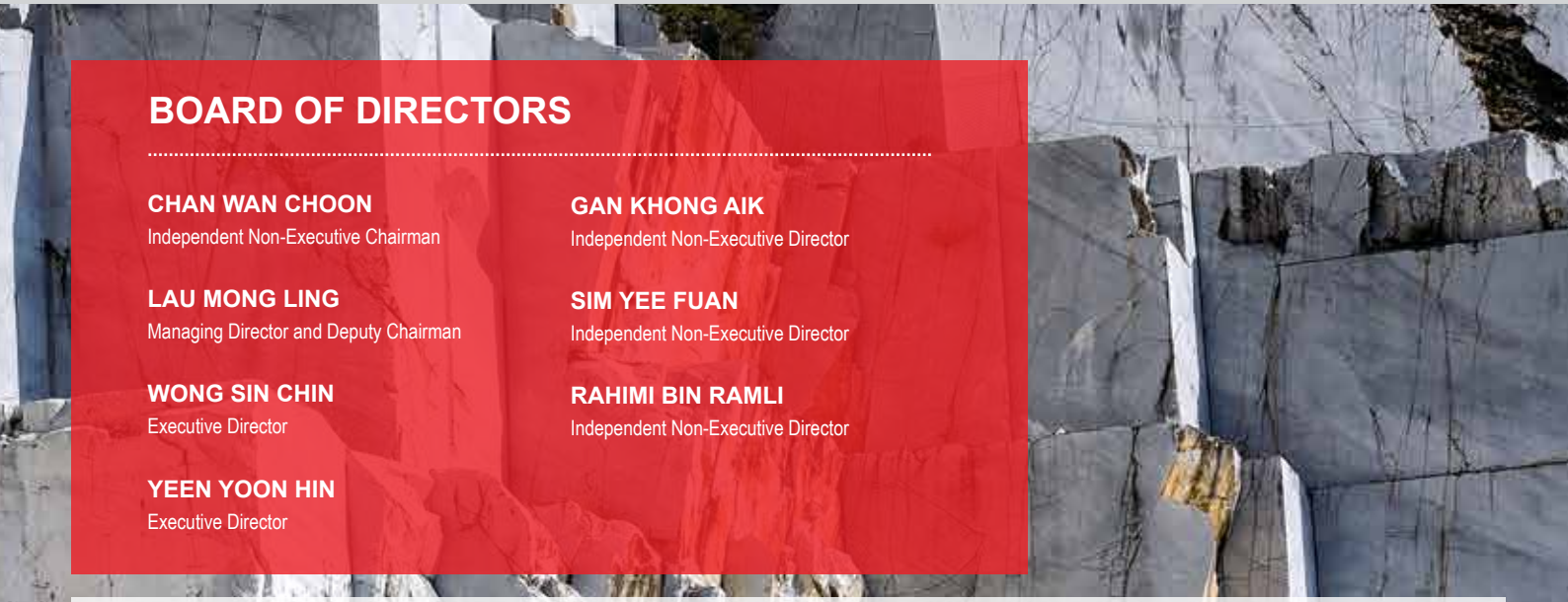
ANNUAL REPORT **2015**



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Corporate Information



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

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

Messrs 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 BANKER

CIMB Bank Berhad
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)*
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel no. : +603 2783 9299
Fax no. : +603 2783 9222

SPONSOR

M&A Securities Sdn Bhd
No. 45-11 & 47-11,The Boulevard
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel no. : +603 2284 2911
Fax no. : +603 2284 2718

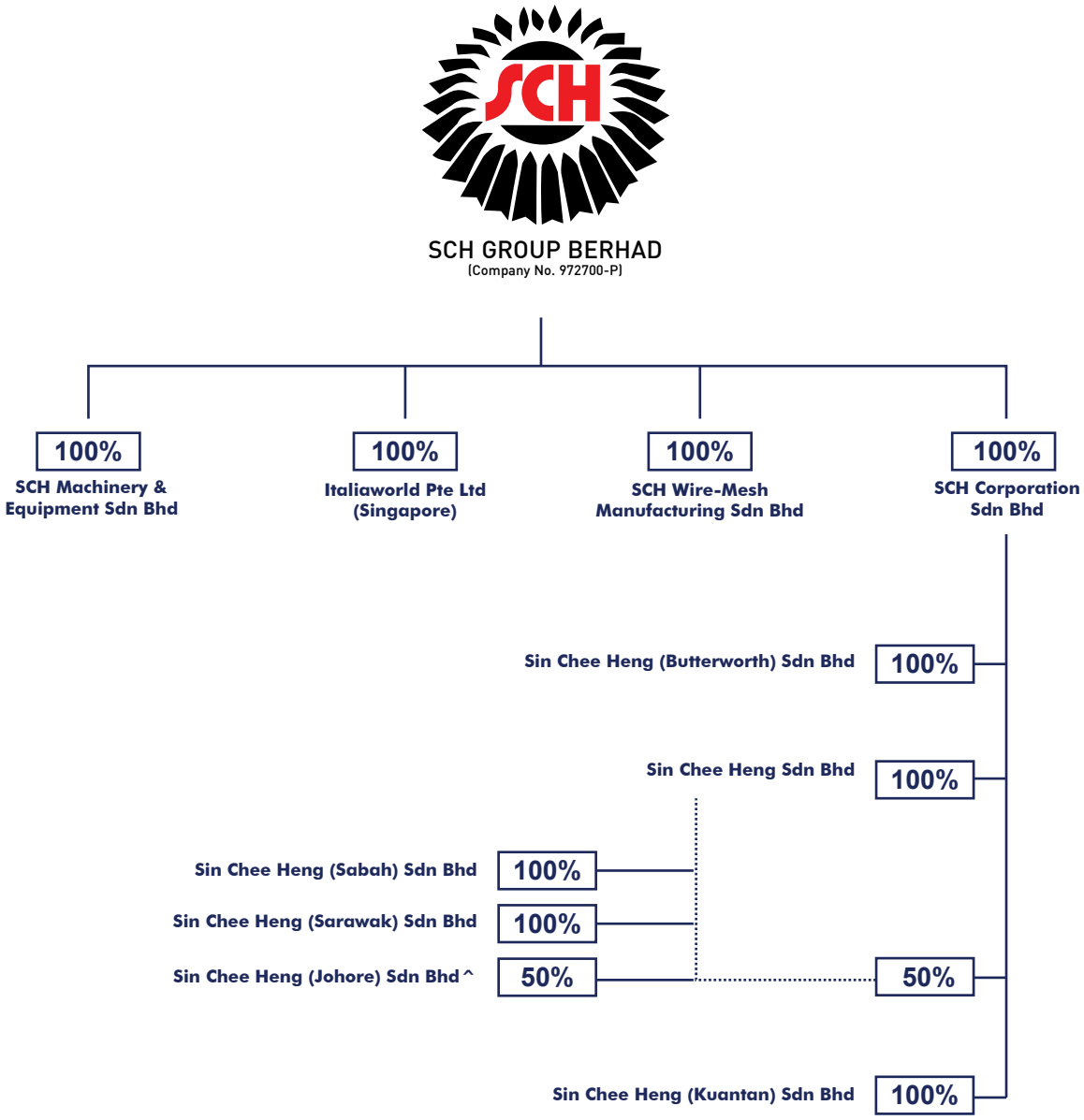
STOCK EXCHANGE LISTING

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

WEBSITE

www.schgroup.com.my

Corporate Structure



Note:-

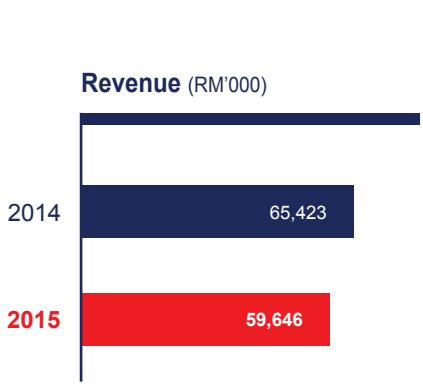
^ *The substantial shareholders of Sin Chee Heng (Johore) Sdn Bhd are SCH Corporation Sdn Bhd and Sin Chee Heng Sdn Bhd, holding 150,000 shares or 50% equity interest each in Sin Chee Heng (Johore) Sdn Bhd.*

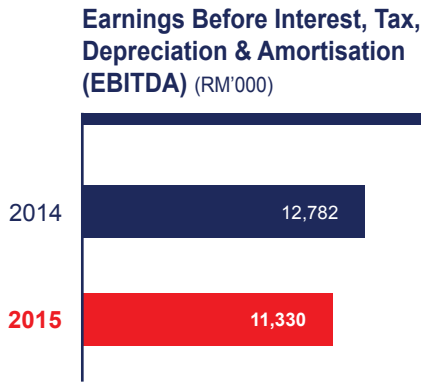
Financial Highlights

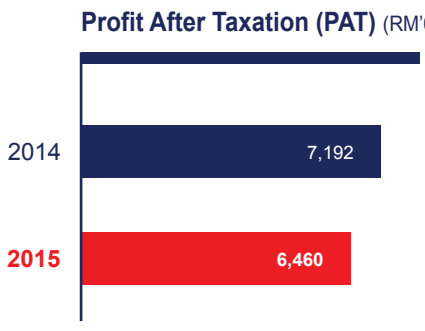
Financial Year Ended 31 Aug		Audited 2014	Audited 2015
No. of Months		12	12
KEY FINANCIALS			
Revenue	RM'000	65,423	**59,646**
Gross Profit (GP)	RM'000	24,551	**22,823**
GP Margin	%	37.53	**38.26**
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	RM'000	12,782	**11,330**
Profit Before Taxation (PBT)	RM'000	10,348	**9,183**
PBT Margin	%	15.82	**15.40**
Profit After Taxation (PAT)	RM'000	7,192	**6,460**
PAT Margin	%	10.99	**10.83**
Basic Earnings Per Share (Basic EPS) ^	sen	1.93	**1.57**

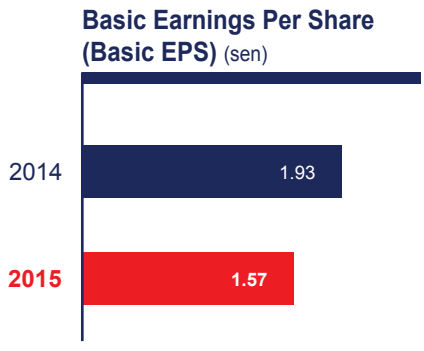
Notes:

^ *The basic EPS is calculated based on the profit for the financial year attributable to the owners of the parent divided by the weighted average number of ordinary shares in issue during the financial year.*









Directors' Profiles

Chan Wan Choon
Independent Non-Executive Chairman

Chan Wan Choon, a Malaysian aged 79, 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 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 62, 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 Malaysia Securities Berhad ("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 Sin Chee Heng Sdn Bhd ("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.

Directors' Profiles

Cont'd

Wong Sin Chin
Executive Director

Wong Sin Chin, a Malaysian aged 76, 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.

Yeen Yoon Hin
Executive Director

Yeen Yoon Hin, a Malaysian aged 63, 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 50, 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 (Honours) and obtained his 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 the 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 Balance of Payment Department (now known as Foreign Exchange Administration Department) and Bank Examination 1 Department (now known as Banking Supervision Department). During 1995 to 2006, he was attached to public listed companies on the Bursa Securities where his job responsibilities were in the areas of accounting, finance and corporate management.

Currently, he is also an Executive Director of Unimech Group Berhad and an Independent Non-Executive Director of Saudee Group Berhad and Eurospan Holdings Berhad. He is also the Commissioner of PT Arita Prima Indonesia Tbk, a company listed on Indonesia Stock Exchange.

Mr Sim 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.

Gan Khong Aik
Independent Non-Executive Director

Gan Khong Aik, a Malaysian aged 47, 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 46, was appointed as an Independent Non-Executive Director of the Company on 3 December 2013.

He completed his Sijil Pelajaran Malaysia Examination at the Malay College Kuala Kangsar, Perak in 1987. He obtained a Diploma in Accountancy from Universiti Institut Teknologi Mara in 1991. He is a graduate in BA (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 a member of the Chartered Institute of Taxation, Malaysia since 2002. He is also a Professional Member of Institute of Internal Auditors, Malaysia (IIAM) since 2010 and was previously its Chartered Member since 2004.

He began his career with KPMG in Malaysia in 1996 as a Senior Associate where he was responsible for providing tax compliance and tax planning for various individuals and corporate clients. He was also involved in assurance and statutory assignments for various clients in various industries during his tenure with KPMG. He left KPMG in 1999 on his own accord to join UTSB Management Sdn Bhd as a Group Executive Consultant where he was responsible for, amongst others, provision of corporate advisory services on compliance, policy and procedures as well as taxation and transaction review for management reporting and financial audited accounts. He was also involved in the provision of tax planning, financial analysis and general business advisory.

In 2001, he left the company to join KHR Business Advisory Sdn Bhd 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 services and tax planning unit. He also played a major role in leading the strategic business improvement and operation enhancement consulting assignments for both private and public companies in the areas of mergers and acquisition, internal controls and risk management, process review, transaction review and special audits.

In 2006, he was attached with Al Emadi Group, a company established in Doha, Qatar and United Arab Emirates' incorporated companies, Middle East Development LLC, Ramada Real Estate LLC and Sokook Development LLC as Financial Management Consultant for the group's Corporate Finance and Treasury department. During his tenure abroad, he was responsible for preparing and evaluating the group's real estate development projects cash flow and oversees payment for construction and property management activities in the Middle East. He then left the Group in 2007 that took him back to Malaysia to join Binary Group of Companies as its Chief Financial Officer and was responsible for several of the group's restructuring and fund raising activities.

He subsequently left Binary Group in 2008 to join Sapura Secured Technology Sdn Bhd as its General Manager where he led the finance, accounting, treasury and commercial planning Division. He was also responsible for overseeing the company's commercial planning activities and played a major role in the company's merger and acquisition exercise both locally and abroad.

In 2009, he joined Prokhas Sdn Bhd, a wholly owned company by the Ministry of Finance, Malaysia as a Senior Manager. He was transferred to various Divisions within the company including Corporate Advisory, Property and Special Projects.

Presently, he is the Head of Accounts, Finance and Treasury Outsourcing responsible for provision of shared services for the government owned companies and agencies under the Ministry of Finance, Incorporated. He is also a Director with KHR Tax Services (Utara) Sdn Bhd, a company involved in the provision of business advisory, tax compliance and planning services.

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,

"On behalf of the Board of Directors and the Management of SCH Group Berhad ("SCH Group" or the "Company"), I am pleased to present the Company's Annual Report and Audited Financial Statements for the financial year ended 31 August 2015 ("FYE2015")."



I am delighted to announce that SCH Group Berhad has turned in another profitable year during the period in review despite a challenging period for the Group's operations due to the developments in the global economies which have caused adverse impacts to the Malaysian economy.

However, the recent announcements by the government have given us some indication of a better outlook for the quarry industry, which is closely correlated with the construction industry. The government had recently reiterated its commitment to roll out infrastructure projects under the 11th Malaysia Plan especially those that are pertinent to support long-term economic activities.

I would also like to add that your Board and Management have been guided by prudence, farsightedness and providence throughout the year, doing what's best for SCH Group.

We are of the opinion that the Company lies in good stead to benefit from the foundation laid over the years.

Chairman's Statement

Cont'd

GROUP PERFORMANCE REVIEW

The economic climate which prevailed in the year under review presented unattractive operating conditions to the Group and this has discouraged us from embarking on any significant corporate exercise. SCH Group had emphasized the need to exercise caution in the evolving business environment and that any expansion plan had to be carefully assessed, with due consideration of the chances of success and its critical timing in the current economic situation.

During the course of the financial year, we have 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. The construction works for the new facility are proceeding smoothly and is expected to be completed and operational by June 2016.

Also noteworthy is the progress of our business expansion into Cambodia. We are in the process of registering a sale and marketing company and to establish a warehouse in Cambodia. Our business expansion in Cambodia will help complement our target markets and expand our reach in the Southeast Asia region.

REVIEW OF FINANCIAL PERFORMANCE

For the financial year ended 31 August 2015, SCH Group posted a Profit Before Tax of RM9.18 million, a decrease of 11.30% as compared to RM10.35 million in the previous corresponding period. The decrease in profit was mainly due to the increase in administrative, selling and distribution as well as other expenses.

During the financial period under review, the Group's revenue has also decreased by 8.82% to RM59.65 million compared to RM65.42 million a year ago. The decrease was mainly due to lower sales in the quarry industrial product business segment which has dropped by 38.09% to RM20.46 million this year from RM33.05 million last year.

Earnings per share for the period in review stood at 1.57 sen with net assets per share at 15.63 sen.

DIVIDEND

The Board has recommended a final single-tier divided of 0.5 sen per ordinary share of 10 sen each for the current financial year. This recommendation is subject to shareholders' approvals at the forthcoming Annual General Meeting of the Company.

Total dividend paid or payable for the current financial year, including the above recommended final single-tier dividend, if approved, would amount to 1.5 sen per ordinary share of 10 sen each, comprising an interim dividend of 1.0 sen paid on 5 March 2015 and a proposed final single-tier dividend of 0.5 sen per ordinary share of 10 sen each.

BUSINESS OUTLOOK AND PROSPECTS

This is a tough year for both Malaysia and across the region given the downturn in global commodity prices, China's slower economic growth and unfavourable Ringgit exchange rate. Although the global economic growth outlook remains subdued and uncertain, nevertheless, it is anticipated that domestic demand will still continue to be the key driver of economic growth.

The Group is optimistic that it will continue to benefit from the government's various infrastructure projects under the 11th Malaysia Plan. In addition, the Group will continue its efforts to streamline and improve operational cost efficiency to ride out any challenging condition.

Construction sector would be one of the beneficiaries of the 15% higher government development expenditure of RM260 billion under the 11th Malaysia Plan. The sector Gross Domestic Product is expected to grow at 10.3% per annum during the 11th Malaysia Plan.

We have seen a pick-up in project awards. These include the Project Delivery Partner (PDP) awards for the MRT line 2, LRT line 3, Pan Borneo Sarawak Highway and Penang Transport Master Plan since October 2014. The other notable awards include the RM1.6 billion government offices construction contract in Putrajaya, construction works at RAPID, Pengerang and foundation works for Tun Razak Exchange and Kwasa Land.

Meanwhile, construction progress of the refineries in RAPID, Pengerang would have accelerated as the first refinery start-up is targeted to be in first quarter of 2019. In addition, we also expect highway construction job awards for Damansara-Shah Alam Elevated Expressway (DASH), Sungai Besi-Ulu Kelang Elevated Expressway (SUKE) and West Coast Expressway in 2016. The transit-oriented developments such as Tun Razak Exchange, Kwasa Land, Bandar Malaysia would also contribute to the construction activities.

Chairman's Statement

Cont'd

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.

Moving forward, SCH Group will strive to remain competitive for the financial year ending 31 August 2016. 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 a wide range of quarry-based products gives us a very significant competitive advantage that few players in Malaysia are able to emulate.

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 Controls 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

On behalf of the Board of Directors, I wish to extend my heartfelt gratitude to all our shareholders for your steadfast support and confidence in the Group. Rest assured that SCH Group will continue to deliver value.

My sincere appreciation also goes to our business partners, clients, bankers, and suppliers for their continued support in the Group. We look forward to your continued cooperation.

To our management and employees, a big thank you for your dedication and worthy contributions toward the continued success of SCH 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 2015 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 5 to 9 of the Annual Report 2015.

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 plays 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) 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. Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture which engenders ethical conduct through its Code of Conduct and Ethics, which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur.

The Board will review and update the Code of Conduct and Ethics, where necessary, to meet the needs of the Group and to address the changing conditions of its business environment.

A summary of the Code of Conduct and Ethics will be published on the Company's website in due course.

4. 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 at www.schgroup.com.my.

5. Promote Sustainability

The Board ensures that the Company's strategies promote sustainability with attention given particularly to environmental, social and governance ("ESG") aspects of business which underpin sustainability. The Board understands that balancing ESG aspects with the interests of various stakeholders is essential to enhancing investor perception and public trust. Disclosures on corporate responsibility are presented under "Statement of Corporate Social Responsibility" of this Annual Report.

6. 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.

Corporate Governance Statement

Cont'd

A. DIRECTORS *(cont'd)*

6. Supply of information *(cont'd)*

To fulfill the responsibilities as set out above, all Directors have direct access to the advice and services of the Company Secretaries 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 Secretaries is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries 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.

7. Board Meetings

There were five (5) Board of Directors' Meetings held during the financial year ended 31 August 2015. Details of the attendance of the Directors at the Board of Directors' Meetings are as follow:

Name of Directors	No. of meetings Attended
Chan Wan Choon	5/5
Lau Mong Ling	5/5
Wong Sin Chin	4/5
Yeen Yoon Hin	3/5
Sim Yee Fuan	5/5
Gan Khong Aik	3/5
Rahimi Bin Ramli	5/5

The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

8. 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.

Corporate Governance Statement
Cont'd

A. DIRECTORS *(cont'd)*

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

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

Name of Director	Courses Attended
Sim Yee Fuan	➢ Global Market Outlook ➢ Foreign Exchange and Online Banking Seminar ➢ FX & Economic Outlooks Briefing & Product Updates ➢ Tax Seminar & Planning Opportunities ➢ Economic Briefing ➢ UHY Goods & Services Tax (GST) in House Training
Rahimi Bin Ramli	➢ Project Management (Planning & Managing Project) ➢ Malaysia Real Estate Summit ➢ Structured Problem Solving ➢ GST ➢ Management In Action ➢ Project Management On Managing Change
Gan Khong Aik	➢ International Bar Association Conference ➢ Inter-Pacific Bar Association Conference ➢ Greater China Arbitration Forum

Saved as disclosed above, Mr Chan Wan Choon, Mr Lau Mong Ling, Mr Wong Sin Chin and Mr Yeen Yoon Hin were not able to attend any seminars and / or training programmes during the financial year due to overseas travelling and their busy work schedule. However, they have kept themselves abreast on financial and business matters through readings and attending overseas suppliers' meetings to enable them to contribute to the Board. They are also aware of their duties and responsibilities and will continue to undergo other relevant training programmes to keep abreast with new regulatory developments and requirements in compliance with the Listing Requirements on continuing education.

In addition to the above, Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and Company Secretaries during the Committee and/or Board Meetings.

9. 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.

The functions of the NC are summarise as following:

i) Identifying and recommending to the Board, candidates for directorships of the Company and directors as members of the relevant Board committees;

ii) Evaluating the effectiveness of the Board and the relevant Board committees; and

iii) Ensuring an appropriate framework and succession planning for the Board.

Corporate Governance Statement

Cont'd

A. DIRECTORS *(cont'd)*

9. Nomination Committee *(cont'd)*

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The NC will help assess and recommend to the Board, the candidature of directors, appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

In assessing suitability of candidates,

a) consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of:

- the Business, the Markets and the Industry in which the Group operates; and
- the accounting, finance and legal matters.

b) where a need has been identified, the NC shall entask the Company's Chairman or Managing Director:

- to search/recommend for potential candidates from within the Company; or
- engage its Human Resources Department to advertise (whether locally or internationally); or
- appoint recruitment advisers; or
- draw references and recommendations from the fellow directors of the Company.

c) The Company's Chairman or Managing Director :

- shall develop short list of all potential candidates taking into account, amongst other things, the particular skills, experience and contribution to diversity of each individual candidate and their fit with the existing Board; whereby women candidates would be encouraged to join; and
- recommend to the NC the candidate from the short list who best matches the needs of the Board.

The NC will assess, review and deliberate and thereafter, present their recommendations to the Board for consideration and approval.

Factors considered by the NC when recommending a person for appointment as a director include:

- the merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
- the outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
- the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

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 NC 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 has not set a gender diversity target as of the reporting period as it 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.

Corporate Governance Statement

Cont'd

A. DIRECTORS *(cont'd)*

9. Nomination Committee *(cont'd)*

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

10. 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.

11. 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 remunerations of the Executive Directors were determined fairly based on the performance and the profitability of the Group as a whole. The Directors' remuneration is at the discretion of the Board, taking into account the comparative market rates that commensurate with the level of contribution, experience and participation of each Director. The overriding principle adopted in setting the remuneration packages for the Executive Directors by the Remuneration Committee is to ensure that the Company attracts and retains the appropriate Directors of the caliber needed to run the Group successfully.

Corporate Governance Statement

Cont'd

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

1. Procedures *(cont'd)*

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Directors concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees are to be approved by shareholders at the Annual General Meeting based on recommendations of the Board.

2. Disclosure

The aggregate remuneration of Directors for the financial year ended 31 August 2015 is as follow:

	Executive Directors (RM)	Non-Executive Directors (RM)
Salary and *other emoluments	1,323,660	10,500
Directors' fee	-	132,000
Total	**1,323,660**	**142,500**

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

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

Range of Remuneration (RM)	Executive	Non-Executive
50,000 and below	-	4
400,001 – 450,000	3	-

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 satisfy 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 comprises 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.

Corporate Governance Statement

Cont'd

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

3. Remuneration Committee *(cont'd)*

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

1. 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.

2. 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.

Apart from contacts at general meetings, currently there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement has been satisfactory.

On poll voting, the Board is of the opinion that with the current level of shareholders' attendance at general meetings, voting by way of a show of hands continues to be efficient. During the general meetings, the Chairman of the meeting will remind all members present about their right to demand for a poll in accordance with the provisions of the Company's Articles of Association in voting on any resolutions. Currently, all resolutions put forth for the shareholders' approval are carried out by a show of hands, unless a poll is properly demanded or specifically required.

Corporate Governance Statement

Cont'd

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. Risk Management and 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 26 to 27 on Statement on the 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 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 22 to 25 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 2015, 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.

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 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 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 circulation 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 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 the 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 Report

Cont'd

3. ATTENDANCE OF MEETINGS

During the financial year ended 31 August 2015, the Audit Committee held five (5) meetings. Details of the attendance of committee members are as follow:

	Attendance
Sim Yee Fuan	5/5
Chan Wan Choon	5/5
Gan Khong Aik	3/5
Rahimi Bin Ramli	5/5

4. SUMMARY ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

The activities of the Audit Committee during the financial year ended 31 August 2015 include the following:

a) Reviewed the quarterly unaudited financial results and audited financial statements 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 unaudited financial results and audited financial statements 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 2015;

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 and assessed the adequacy of the scope and functions of the Internal Audit plan;

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

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

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

h) 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 RM12,000.00.

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

i) Enterprise Risk Management;
ii) Review on financial close processes; and
iii) Review on the bank borrowings and trade receivable of the Group.

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 prioritised 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 2015, 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 financial year ended 31 August 2015 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

The Board, whilst pursuing the business objectives of growth in enhancing shareholder value, is also cognizant of its corporate social responsibilities ("CSR") and the importance of the contribution it can make in respect thereof, particularly towards improving the workplace, the community it operates in and the environment.

The Group is constantly reviewing its workplace and policies to provide a conducive working environment and ensure proper development and utilisation of its human resources. 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. Personal development is important and employees are encouraged to improve their knowledge through attendance at relevant seminars and workshops.

The Group is accountable for the impact of its business operations on the environment. We constantly review and monitor our operations to make positive contribution to the environment, economic and social wellbeing of our stakeholders, employees and the broader community. 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. In the office, 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.

At the marketplace, the Company and its subsidiaries maintain high integrity of corporate governance practices as well as enhancing the shareholders' value. We believe in conducting business fairly, impartially and in full compliance with all laws and regulations. Honesty and integrity underlie all of our relationships, including those with customers, vendors, contractors, the business community at large and among employees.

The Group continues its social roles to support the community by contributing to several needy and charitable organisations through donations. Employees are encouraged and supported to actively participate in social work and community service.

Other Disclosure Requirements

Pursuant to the Listing Requirements of Bursa Securities

1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

As at 31 August 2015, 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	4,585	5,415	Within 36 months
(iii) General working capital requirements	8,859	8,859	-	Within 12 months
	20,859	**15,444**	**5,415**	

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 2015.

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

There were no significant variances between the results for the financial year and the unaudited results previously announced on 27 October 2015.

Other Disclosure Requirements

Pursuant to the Listing Requirements of Bursa Securities

Cont'd

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 subsidiaries 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 78 of the Annual Report, there were no recurrent related party transactions of revenue nature during the financial year ended 31 August 2015.



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Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies 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.

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	6,459,887	6,855,967
Atributable to:		
Owners of the parent	6,459,887	

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.

DIVIDENDS

Since the end of previous financial year, the Company paid an interim single tier dividend of RM0.01 per ordinary share, amounting to a total dividend of RM4,122,340 in respect of the financial year ended 31 August 2015 on 5 March 2015.

The Board of Directors has recommended a final single-tier dividend of RM0.005 per ordinary share of RM0.10 each for the current financial year ended 31 August 2015 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or 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' Report
Cont'd

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

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 of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.10 each			
	At 01.09.2014	Acquired	Disposed	At 31.08.2015
Direct Interest				
Chan Wan Choon	846,200	7,274,500	-	8,120,700
Lau Mong Ling	95,039,224	-	21,166,000	73,873,224
Wong Sin Chin	95,043,083	-	41,666,000	53,377,083
Yeen Yoon Hin	95,042,903	-	41,666,000	53,376,903
Sim Yee Fuan	50,000	-	-	50,000
Gan Khong Aik	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 also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 6A of the Companies Act 1965.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a 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 whose object was 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 profit or loss and other 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 that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had 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 amounts written off for bad debts or the amount of 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 of the Group and of the Company 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 other than those arising in the normal course of business of the Group and of the Company.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability 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 its obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature;

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

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 21 December 2015.

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 38 to 86 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 2015 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 21 December 2015.

LAU MONG LING

WONG SIN CHIN

KUALA LUMPUR

Statutory Declaration

Pursuant To Section 169(16) 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 to the best of my knowledge and belief, the financial statements set out on pages 38 to 86 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the provision of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at KUALA LUMPUR in the Federal Territory on 21 December 2015)

LAU MONG LING

Before me,

COMMISSIONER FOR OATHS
LEONG CHIEW KEONG
NO. W409

Independent Auditors' Report

To the Members of SCH Group Berhad
(Company No.: 972700-P) (Incorporated in Malaysia)

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 2015 of the Group and of the Company, and statements of profit or loss and other 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 38 to 86.

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 2015 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
(Company No.: 972700-P) (Incorporated in Malaysia)
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, which are indicated 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 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
21 December 2015

Statements of Financial Position

As at 31 August 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Non-Current Assets					
Property, plant and equipment	4	12,450,340	12,203,331	-	-
Capital-work-in progress	5	5,675,758	986,160	-	-
Investment in subsidiary companies	6	-	-	32,154,200	32,154,200
		18,126,098	13,189,491	32,154,200	32,154,200
Current Assets					
Inventories	7	26,021,025	26,907,173	-	-
Trade receivables	8	17,950,491	26,458,711	-	-
Other receivables	9	611,423	341,063	62,435	-
Amount due from subsidiary companies	10	-	-	17,487,859	8,118,935
Tax recoverable		536,504	118,256	-	-
Fixed deposits with licensed banks	11	12,112,525	17,559,967	5,000,000	10,151,635
Cash and bank balances		3,378,416	3,162,016	275,211	2,143,851
		60,610,384	74,547,186	22,825,505	20,414,421
Total Assets		78,736,482	87,736,677	54,979,705	52,568,621

Statements of Financial Position

As at 31 August 2015

Cont'd

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Equity					
Share capital	12	41,223,402	41,223,402	41,223,402	41,223,402
Share premium	13	10,905,549	10,905,549	10,905,549	10,905,549
Merger deficit reserve	14	(24,514,828)	(24,514,828)		
Foreign currency translation reserve	15	204,753	48,584	-	-
Retained earnings		36,631,603	34,294,056	2,787,015	53,388
Total Equity		64,450,479	61,956,763	54,915,966	52,182,339
Non-Current Liabilities					
Finance lease payables	16	870,546	228,669	-	-
Bank borrowings	17	-	1,781,304	-	-
Deferred tax liabilities	18	144,800	130,907	-	-
		1,015,346	2,140,880	-	-
Current Liabilities					
Trade payables	19	2,309,790	6,149,570	-	-
Other payables	20	1,973,010	2,254,656	27,500	25,405
Amount due to a subsidiary company	10	-	-	-	303,877
Amount due to Directors	21	19,000	19,000	-	-
Finance lease payables	16	494,502	385,517	-	-
Bank borrowings	17	8,150,282	14,413,472	-	-
Tax payable		324,073	416,819	36,239	57,000
		13,270,657	23,639,034	63,739	386,282
Total Liabilities		14,286,003	25,779,914	63,739	386,282
Total Equity and Liabilities		78,736,482	87,736,677	54,979,705	52,568,621

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

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 August 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Revenue	22	59,645,819	65,422,527	6,976,401	6,158,401
Cost of sales		(36,822,597)	(40,871,508)	-	-
Gross profit		22,823,222	24,551,019	6,976,401	6,158,401
Other income		777,199	581,413	379,882	246,958
Administrative expenses		(9,803,372)	(9,155,910)	(406,984)	(227,196)
Selling and distribution expenses		(2,717,130)	(2,832,330)	-	-
Other expenses		(1,132,614)	(1,941,972)	-	(1,930,782)
Finance costs	23	(764,488)	(854,199)	-	-
Profit before tax	24	9,182,817	10,348,021	6,949,299	4,247,381
Taxation	25	(2,722,930)	(3,156,358)	(93,332)	(57,000)
Profit for the financial year		6,459,887	7,191,663	6,855,967	4,190,381
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
- Exchange translation differences for foreign operation		156,169	(17,908)	-	-
Total comprehensive income for the financial year		6,616,056	7,173,755	6,855,967	4,190,381
Profit for the financial year attributable to:					
Owners of the parent		6,459,887	7,191,663		
Total comprehensive income for the financial year attributable to:					
Owners of the parent		6,616,056	7,173,755		
Earnings per share attributable to owners of the parent (sen):					
Basic	28	1.57	1.93		

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

Statements of Changes in Equity

For the financial year ended 31 August 2015

	Note	Attributable to owner of the parent					
		Non-Distributable				Distributable	
		Share Capital	Share Premium	Merger Deficit Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
		RM	RM	RM	RM	RM	RM
Group							
At 1 September 2014		41,223,402	10,905,549	(24,514,828)	48,584	34,294,056	61,956,763
Profit for the financial year		-	-	-	-	6,459,887	6,459,887
Other comprehensive income for the financial year		-	-	-	156,169	-	156,169
Total comprehensive income for the financial year		-	-	-	156,169	6,459,887	6,616,056
Transaction with owners:							
Dividends to owners of the Company	26	-	-	-	-	(4,122,340)	(4,122,340)
At 31 August 2015		41,223,402	10,905,549	(24,514,828)	204,753	36,631,603	64,450,479
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 2015

Cont'd

	Note	Attributable to owner of the parent			
		Non-Distributable		Distributable	
		Share Capital	Share Premium	Retained Earning/ (Accumulated Loss)	Total Equity
		RM	RM	RM	RM
Company					
At 1 September 2014		41,223,402	10,905,549	53,388	52,182,339
Profit for the financial year, representing total comprehensive income for the financial year		-	-	6,855,967	6,855,967
Transactions with owners:					
Dividends to owners of the Company	26	-	-	(4,122,340)	(4,122,340)
At 31 August 2015		41,223,402	10,905,549	2,787,015	54,915,966
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 2015

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash Flows From Operating Activities				
Profit before tax	9,182,817	10,348,021	6,949,299	4,247,381
Adjustment for:				
Bad debts written off	97,501	42,265	-	-
Depreciation of property, plant and equipment	1,382,381	1,579,955	-	-
Impairment on trade receivables	184,284	43,268	-	-
Interest expenses	764,488	854,199	-	-
Inventories written down	430,000	-	-	-
Unrealised loss on foreign exchange	150,641	-	-	-
Property, plant and equipment written off	22,084	10,618	-	-
Waiver of debts	-	5,431	-	-
Gain on disposal of property, plant and equipment	(9,433)	(2,667)	-	-
Interest income	(599,931)	(337,757)	(379,883)	(246,958)
Reversal of impairment on trade receivables	(9,540)	(57,491)	-	-
Operating profit before working capital changes	11,595,292	12,485,842	6,569,416	4,000,423
Change in working capital:				
Inventories	456,148	(2,119,307)	-	-
Trade receivables	8,235,975	(7,431,920)	-	-
Other receivables	(270,360)	1,416,549	(62,435)	320,876
Trade payables	(3,990,421)	(708,762)	-	-
Other payables	(282,213)	90,381	2,096	(7,284)
Amount due by/to subsidiaries	-	-	(9,672,801)	(8,118,935)
	4,149,129	(8,753,059)	(9,733,140)	(7,805,343)
Cash generated from operations	15,744,421	3,732,783	(3,163,724)	(3,804,920)
Interest received	599,931	337,757	379,883	246,958
Interest paid	(764,488)	(854,199)	-	-
Tax refund	149,102	352,725	-	-
Tax paid	(3,367,759)	(2,941,867)	-	-
Exchange differences	149,744	(17,344)	(114,094)	-
	(3,233,470)	(3,122,928)	265,789	246,958
Net cash from/(used in) operating activities	12,510,951	609,855	(2,897,935)	(3,557,962)

Statements of Cash Flows

For the financial year ended 31 August 2015

Cont'd

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash flow from investing activities					
Purchase of property, plant and equipment	4(d)	(452,323)	(524,822)	-	-
Proceeds from disposal of property, plant and equipment		10,000	417,613	-	-
Payment for capital work-in-progress		(4,689,598)	(891,675)	-	-
Net cash (used in) investing activities		(5,131,921)	(998,884)	-	-
Cash flow from financing activities					
Changes on bankers' acceptance and trust receipt		(3,682,708)	3,182,709	-	-
Dividend paid	26	(4,122,340)	(4,122,340)	(4,122,340)	(4,122,340)
(Increase)/Decrease in fixed deposits pledged		(2,178,174)	160,171	-	-
Net repayment of hire purchase payables		(443,238)	(2,827,301)	-	-
Repayment of term loans		(2,020,325)	(1,219,954)	-	-
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 (used in)/from financing activities		(12,446,785)	15,148,034	(4,122,340)	15,852,409
Net (decrease)/increase in cash and cash equivalents		(5,067,755)	14,759,005	(7,020,275)	12,294,447
Cash and cash equivalents at beginning of the financial year		16,975,905	2,216,900	12,295,486	1,039
Cash and cash equivalents at end of the financial year		11,908,150	16,975,905	5,275,211	12,295,486
Cash and cash equivalents at the end of the financial year comprises:					
Fixed deposits with licensed banks		12,112,525	17,559,967	5,000,000	10,151,635
Cash and bank balances		3,378,416	3,162,016	275,211	2,143,851
Bank overdraft		(38,282)	(2,379,743)	-	-
		15,452,659	18,342,240	5,275,211	12,295,486
Less: Fixed deposits pledged with licensed banks		(3,544,509)	(1,366,335)	-	-
		11,908,150	16,975,905	5,275,211	12,295,486

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

Notes to the Financial Statements

31 August 2015

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of the Bursa Malaysia Securities Berhad.

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.

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

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of 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 significant accounting policies below.

Adoption of new and amended standards and IC Interpretation

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

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Adoption of above amendments to MFRSs and IC Interpretation did not have any significant impact on the financial statements of the Group and the Company.

Notes to the Financial Statements

31 August 2015

Cont'd

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

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

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
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
Amendments to MFRS 10, MFRS 12 and MFRS 12	Investment Entities: Applying the Consolidation Exception	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.

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* (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement*.

Notes to the Financial Statements

31 August 2015

Cont'd

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

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

Standards issued but not yet effective *(cont'd)*

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) *(cont'd)*

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

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 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Group is in the process of assessing the impact of this Standard.

(b) Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency and all values have been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Notes to the Financial Statements

31 August 2015

Cont'd

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

(c) Significant accounting judgements, estimates and assumptions *(cont'd)*

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation 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 reporting period are set out below:

Useful lives of property, plant and equipment (Note 4)

The Group regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

Impairment of investment in subsidiary companies

The Company has recognised impairment loss in respect of its investments in subsidiary companies. The Company carried out the impairment test based on the estimation of the higher of the value-in-use or the fair value less cost to sell of the cash-generating units to which the investments in subsidiary companies belong to. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 6.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other 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. Details of deferred tax assets are disclosed in Note 18.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 7.

Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable 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 receivable 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 for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 8, 9 and 10 respectively.

Notes to the Financial Statements

31 August 2015

Cont'd

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

(c) Significant accounting judgements, estimates and assumptions *(cont'd)*

Key sources of estimation uncertainty *(cont'd)*

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of 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 period in which such determination is made. Details of income tax expense are disclosed in Note 25.

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group, for matters in the ordinary course of business.

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 Note 32(c) 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

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of Consolidation

(i) Subsidiary companies

Subsidiary companies 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. 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.

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

31 August 2015

Cont'd

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

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

(i) Subsidiary companies *(cont'd)*

Under the merger method of accounting, the results of subsidiary companies 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.

Under the acquisition method of accounting, subsidiary companies are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceased. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by- acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, 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 Financial Instruments: Recognition and Measurement either in profit or loss or other comprehensive income. Contingent consideration that is classified as equity is not re- measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(j) to the financial statements on impairment of non-financial assets.

Notes to the Financial Statements

31 August 2015

Cont'd

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

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

(ii) Disposal of subsidiary companies

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.

(b) Foreign currency translation

(i) 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 each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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 in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM are translated to RM at the rate of exchange prevailing at the reporting date and income and expenses, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Notes to the Financial Statements

31 August 2015

Cont'd

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

(c) Property, Plant and Equipment

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

(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.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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. On disposal of a revalued asset, the amounts in revaluation reserve relating to those assets are transferred to retained earnings.

Capital work-in-progress consists of buildings and plant and machinery under construction / installation for intended use as production facilities. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction/installation until the property, plant and equipment are ready for their intended use.

(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

31 August 2015

Cont'd

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

(c) 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 each reporting period end 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.

(d) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

(i) Finance lease

Leases in terms of which the Group or the Company 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.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

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.

Notes to the Financial Statements

31 August 2015

Cont'd

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

(d) Leases *(cont'd)*

(ii) Operating lease *(cont'd)*

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

(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 the financial assets were acquired at initial recognition, into the following categories:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

(ii) 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 included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and the Company have the positive intention and ability to hold to maturity. They are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

After initial recognition, financial assets categorised as held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when held-to-maturity investments are derecognised or impaired, and though the amortisation process.

Notes to the Financial Statements

31 August 2015

Cont'd

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

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

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 or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has 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 profit or loss.

(f) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities 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.

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

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated into this category upon initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives financial instruments that are not designated as effective hedging instruments. Separated embedded derivatives are also categorised as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities held for trading are recognised in profit or loss.

(ii) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Notes to the Financial Statements

31 August 2015

Cont'd

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

(g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is 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) Inventories

Raw materials and finished goods are stated at the lower of cost and net realisable value.

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.

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments 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 statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment of Assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from contract customers, deferred tax assets, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. 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 or cash- generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

Notes to the Financial Statements

31 August 2015

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

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

(i) Non-financial assets *(cont'd)*

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the 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 or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

All financial assets, other than those categorised at fair value through profit or loss, investments in subsidiary companies, associates and joint ventures, 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.

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 profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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 in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

(k) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and 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 accounted for in equity as appropriation of retained earnings and recognised as a liability in the period in which they are declared.

Notes to the Financial Statements

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

(l) 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 contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. 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.

(m) Revenue

(i) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

(iii) 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.

(iv) Dividend income

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

(v) Interest income

Interest income is recognised on accruals basis using the effective interest method.

Notes to the Financial Statements

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

(n) Borrowing costs

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

Notes to the Financial Statements

31 August 2015

Cont'd

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

(p) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or 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 assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(q) 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.

(r) 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.

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										
2015										
Cost										
At 1 September 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
Additions	-	-	-	197,608	69,893	1,205,830	-	-	173,092	1,646,423
Exchange differences	-	-	5,345	4,287	2,401	-	-	-	-	12,033
Disposals	-	-	-	(62,000)	-	-	-	-	-	(62,000)
Written off	-	-	-	-	(66,380)	-	-	-	-	(66,380)
At 31 August 2015	5,290,491	5,822,923	242,874	5,054,130	599,500	7,666,093	325,345	7,826	855,427	25,864,609
Accumulated depreciation										
At 1 September 2014	937,317	552,809	195,685	3,135,842	337,439	6,292,245	311,259	7,052	361,554	12,131,202
Charge for the financial year	75,769	64,660	9,351	652,496	56,659	404,380	2,968	340	115,758	1,382,381
Exchange differences	-	-	5,264	810	907	-	-	-	-	6,981
Disposals	-	-	-	(61,999)	-	-	-	-	-	(61,999)
Written off	-	-	-	-	(44,296)	-	-	-	-	(44,296)
At 31 August 2015	1,013,086	617,469	210,300	3,727,149	350,709	6,696,625	314,227	7,392	477,312	13,414,269
Carrying amount										
At 31 August 2015	4,277,405	5,205,454	32,574	1,326,981	248,791	969,468	11,118	434	378,115	12,450,340

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										
2014										
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

Notes to the Financial Statements

31 August 2015

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

(a) Assets held under finance leases

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

	Group	
	2015	2014
	RM	RM
Motor vehicles	298,492	257,154
Plant and machinery	1,353,348	502,019
	1,651,840	759,173

(b) Asset acquired under term loan arrangement

Included in the property, plant and equipment of the Group are leasehold land acquired under term loan arrangement with carrying amount of RMNil (2014: RM4,172,166).

(c) Assets pledged as securities to financial institutions

The carrying amount of property, plant and equipment of the Group and the Company pledged as securities for bank borrowings as disclosed in Note 17 to the financial statements are :

	Group	
	2015	2014
	RM	RM
Freehold land and building	3,629,301	3,927,226
Leasehold land and building	5,205,454	5,108,994
	8,834,755	9,036,220

(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	
	2015	2014
	RM	RM
Aggregate costs	1,646,423	618,822
Less: Hire purchase financing	(1,194,100)	(94,000)
Cash payments	452,323	524,822

Notes to the Financial Statements

31 August 2015

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

(e) Revaluation of freehold land and buildings

The freehold land and building of the Group with carrying amount of RM368,104 (2014: RM371,228) 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 revalued 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 60 to 908 years (61 to 909 years).

5. CAPITAL WORK-IN-PROGRESS

	Group	
	2015	2014
	RM	RM
At 1 September	986,160	94,485
Additions	4,689,598	891,675
At 31 August	5,675,758	986,160

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 SUBSIDIARY COMPANIES

	Company	
	2015	2014
	RM	RM
In Malaysia		
Unquoted shares, at cost	32,154,200	32,154,200

Notes to the Financial Statements

31 August 2015

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6. INVESTMENT IN SUBSIDIARY COMPANIES *(cont'd)*

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest 2015 %	Effective interest 2014 %	Principal activities
Direct interest:				
SCH Corporation Sdn. Bhd.	Malaysia	100	100	Investment holding
SCH Wire-Mesh Manufacturing Sdn. Bhd.	Malaysia	100	100	Manufacturing, distributing and supplying of quarry grill
SCH Machinery & Equipment Sdn. Bhd.	Malaysia	100	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	100	Importing and exporting wholesale and trading of heavy industrial machinery, mechanical and electrical appliances and for quarries
Indirect interest:				
Held through SCH Corporation Sdn Bhd				
Sin Chee Heng Sdn. Bhd.	Malaysia	100	100	Supply and distributing of all kinds of quarry industrial products and quarry machinery
Sin Chee Heng (Butterworth) Sdn. Bhd.	Malaysia	100	100	Distributing of all kinds of quarry products to the quarry industry
Sin Chee Heng (Kuantan) Sdn. Bhd.	Malaysia	100	100	Distributing of all kinds of quarry products to the quarry industry
Sin Chee Heng (Johore) Sdn. Bhd.	Malaysia	100	100	Distributing of all kinds of quarry products to the quarry industry
Indirect interest:				
Held through Sin Chee Heng Sdn. Bhd.				
- Sin Chee Heng (Sabah) Sdn. Bhd.	Malaysia	100	100	Distributing of all kinds of quarry products to the quarry industry
- Sin Chee Heng (Sarawak) Sdn. Bhd.	Malaysia	100	100	Distributing of all kinds of quarry products to the quarry industry

Notes to the Financial Statements

31 August 2015

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6. INVESTMENT IN SUBSIDIARY COMPANIES *(cont'd)*

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

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

7. INVENTORIES

	Group	
	2015	2014
	RM	RM
Raw materials	209,838	160,328
Finished goods	25,811,187	26,746,845
	26,021,025	26,907,173
Recognise in profit or loss:		
Inventories written down	430,000	-

8. TRADE RECEIVABLES

	Group	
	2015	2014
	RM	RM
Trade receivables	18,184,136	26,569,931
Less: Accumulated impairment	(233,645)	(111,220)
	17,950,491	26,458,711

Trade receivables are non-interest bearing and are generally on 150 to 180 days (2014: 150 to 180 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group	
	2015	2014
	RM	RM
At 1 September	111,220	177,076
Impairment losses recognised	184,284	43,268
Amount recovered	(9,540)	(57,491)
Amount written off	(64,289)	(51,633)
Exchange differences	11,970	-
At 31 August	233,645	111,220

Notes to the Financial Statements

31 August 2015

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8. TRADE RECEIVABLES *(cont'd)*

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

	Group	
	2015	**2014**
	RM	**RM**
Neither past due nor impaired	14,751,940	22,250,322
Past due but not impaired:		
Less than 30 days	567,865	863,340
31 to 60 days	472,688	614,099
More than 60 days	2,157,998	2,730,950
	3,198,551	4,208,389
	17,950,491	26,458,711
Impaired	233,645	111,220
	18,184,136	26,569,931

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

As at 31 August 2015, trade receivables of RM3,198,551 (2014: RM4,208,389) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM233,546 (2014: RM111,220), related to customers that are in financial difficulties, have defaulted on payments and / or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

9. OTHER RECEIVABLES

	Group		Company	
	2015	**2014**	2015	2014
	RM	**RM**	RM	RM
Other receivables	287,896	52,707	-	-
Deposits	229,537	258,275	1,000	-
Prepayments	93,990	30,081	61,435	-
	611,423	341,063	62,435	-

10. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

Amount due from/(to) subsidiary companies with non-interest bearing are unsecured and repayable on demand.

11. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group amounting to RM3,544,509 (2014: RM1,366,335) 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 2.90% to 3.12% (2014: 2.85% to 3.15%) per annum and 30 to 365 days (2014: 30 to 365 days), respectively.

Notes to the Financial Statements

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12. SHARE CAPITAL

	Group/Company			
	Number of Ordinary Shares		Amount	
	2015 Units	2014 Units	2015 RM	2014 RM
Ordinary shares of RM0.10 each:				
Authorised				
At 1 September	500,000,000	1,000,000	50,000,000	100,000
Created during the financial year	-	499,000,000	-	49,900,000
At 31 August	500,000,000	500,000,000	50,000,000	50,000,000
Issued and fully paid				
At 1 September	412,234,020	20	41,223,402	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	412,234,020	41,223,402	41,223,402

* *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.*

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.

13. SHARE PREMIUM

	Group/Company	
	2015 RM	2014 RM
At 1 September	10,905,549	-
Premium from public issue	-	11,789,960
Listing expenses	-	(884,411)
At 31 August	10,905,549	10,905,549

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.

Notes to the Financial Statements

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15. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

16. FINANCE LEASE PAYABLES

	Group	
	2015	2014
	RM	RM
Minimum lease payments		
Within one year	566,677	413,976
Later than one year and not later than two years	476,352	142,837
Later than two year and not later than five years	456,039	100,946
	1,499,068	657,759
Less: Future finance charges	(134,020)	(43,573)
Present value of minimum lease payments	1,365,048	614,186
Present value of minimum lease payments		
Within one year	494,502	385,517
Later than one year and not later than two years	433,264	133,951
Later than two year and not later than five years	437,282	94,718
	1,365,048	614,186
Analysed as:		
Repayable within twelve months	494,502	385,517
Repayable after twelve months	870,546	228,669
	1,365,048	614,186

The finance lease liabilities interest of the Group are ranged from 2.10% to 4.16% (2014: 2.10% to 4.16%) per annum.

Notes to the Financial Statements

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17. BANK BORROWINGS

	Group	
	2015	2014
	RM	RM
Secured		
Bankers' acceptance	8,112,000	11,756,000
Bank overdraft	38,282	2,379,743
Term loans	-	2,020,324
Trust receipts	-	38,709
	8,150,282	16,194,776
Analysed as:		
Current		
Bankers' acceptances	8,112,000	11,756,000
Bank overdrafts	38,282	2,379,743
Term loans	-	239,020
Trust receipts	-	38,709
	8,150,282	14,413,472
Non-current		
Term loans	-	1,781,304
	8,150,282	16,194,776

The bank borrowings 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 a subsidiary company as disclosed in Note 11;

(c) Corporate guarantee by a subsidiary company; and

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

Maturity of bank borrowings is as follows:

	Group	
	2015	2014
	RM	RM
Within one year	8,150,282	14,413,472
Between one and two years	-	252,502
Between two to five years	-	846,224
After five years	-	682,578
	8,150,282	16,194,776

Notes to the Financial Statements

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17. BANK BORROWINGS *(cont'd)*

The average effective interest rates per annum are as follows:

	Group	
	2015	2014
	%	%
Bankers' acceptances	3.80 - 5.03	3.56 - 5.64
Bank overdrafts	7.35 - 8.85	6.65 - 8.36
Term loans	5.50	5.50
Trust receipts	7.60 - 8.10	7.55 - 8.30

18. DEFERRED TAX LIABILITIES

	Group	
	2015	2014
	RM	RM
At 1 September	130,907	139,939
Recognised in profit or loss (Note 25)	37,600	(9,032)
Overprovision in prior year	(23,707)	-
At 31 August	144,800	130,907

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

	Group	
	2015	2014
	RM	RM
Deferred tax liabilities	183,429	135,707
Deferred tax assets	(38,629)	(4,800)
	144,800	130,907

Notes to the Financial Statements

31 August 2015

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

The components and movement of deferred tax liabilities and assets are as follows:

	Group	
	2015	2014
	RM	RM
Deferred tax liabilities		
Differences between the carrying amount of property, plant and equipment and its tax base	183,429	135,707
Deferred tax assets		
Differences between the carrying amount of property, plant and equipment and its tax base	-	(900)
Unabsorbed capital allowances	(1,029)	-
Unused tax losses	-	(3,900)
Other deductible temporary differences	(37,600)	-
	(38,629)	(4,800)

Deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of its recoverability:

	Group	
	2015	2014
	RM	RM
Differences between the carrying amount of property, plant and equipment and its tax base	598,104	397,300
Unabsorbed capital allowances	3,774	-
Unused tax losses	465,974	219,000
	1,067,852	616,300

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

19. TRADE PAYABLES

Credit terms of trade payables of the Group ranged from 150 to 180 (2014: 150 to 180) days, depending on the term of the contracts.

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20. OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Other payables	1,408,488	1,196,530	2,500	-
Accruals	479,881	953,795	25,000	25,405
Deposits	84,641	104,331	-	-
	1,973,010	2,254,656	27,500	25,405

21. AMOUNT DUE TO DIRECTORS

This represents unsecured, interest free advances and repayable on demand.

22. REVENUE

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Dividend income	-	-	6,976,401	6,158,401
Sale of goods and services	59,645,819	65,422,527	-	-
	59,645,819	65,422,527	6,976,401	6,158,401

23. FINANCE COSTS

	Group	
	2015	2014
	RM	RM
Interest expenses on:		
Bank overdrafts	57,063	28,920
Bankers' acceptances	451,215	470,994
Hire purchase	41,429	125,564
Trust receipts and letter of credit	38,051	42,939
Term loans	176,730	185,782
	764,488	854,199

Notes to the Financial Statements

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24. PROFIT BEFORE TAX

Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Auditors' remuneration				
- Statutory				
- Current year	126,371	135,137	25,000	25,000
- Over provision in prior years	(12,720)	-	-	-
- Non statutory	-	3,000	-	-
Bad debts written off	97,501	42,265	-	-
Depreciation of property, plant and equipment	1,382,381	1,579,955	-	-
Directors' remuneration				
- Fees	132,000	71,500	132,000	71,500
- Salary and other emoluments	1,170,000	1,372,500	18,000	8,500
- Contribution to defined plan	164,160	164,160	-	-
Foreign exchange loss/(gain)				
- realised	(9,147)	58,266	-	-
- unrealised	150,641	-	-	-
Impairment on trade receivables	184,284	43,268	-	-
Inventories written down	430,000	-	-	-
Listing expenses written off	-	1,930,782	-	1,930,782
Property, plant and equipment written off	22,084	10,618	-	-
Rental of premises	227,069	380,528	-	-
Waiver of debts	-	5,431	-	-
Bad debts recovered	-	(6,978)	-	-
Bank interest income	-	(8,535)	-	(8,401)
Fixed deposit interest income	(599,931)	(329,222)	(379,883)	(238,557)
Gain on disposal of property, plant and equipment	(9,433)	(2,667)	-	-
Reversal of impairment on trade receivables	(9,540)	(57,491)	-	-
Rental income	(152,800)	(19,880)	-	-

Notes to the Financial Statements

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25. TAXATION

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Tax expense recognised in profit or loss				
Current year tax	2,755,413	3,207,616	90,239	57,000
(Over)/Under provision in prior years	(46,376)	(42,226)	3,093	-
	2,709,037	3,165,390	93,332	57,000
Deferred tax (Note 18):				
Origination and reversal of temporary differences	37,600	17,288	-	-
Over provision in prior years	(23,707)	(26,320)	-	-
	13,893	(9,032)	-	-
	2,722,930	3,156,358	93,332	57,000

Malaysian income tax is calculated at the statutory tax rate of 25% (2014:25%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and the Company are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Profit before tax	9,182,817	10,348,021	6,949,299	4,247,381
Taxation at statutory tax rate of 25% (2014 : 25%)	2,295,700	2,587,000	1,737,300	1,061,800
Effects of tax rates in other country	18,085	(10,415)	-	-
Expenses not deductible for tax purposes	783,965	749,035	97,039	534,800
Expenses subject to double deduction	(62,300)	-	-	-
Income not subject to tax	-	(6,267)	(1,744,100)	(1,539,600)
Origination of deferred tax liabilities	37,600	17,288	-	-
Deferred tax assets not recognised	38,800	99,300	-	-
Utilisation of previously unrecognised tax losses and capital allowances	-	(101,800)	-	-
Utilisation of current year capital allowances	(318,837)	(109,237)	-	-
Under provision of income tax expense in prior years	(46,376)	(42,226)	3,093	-
(Over)/Under of deferred tax in prior years	(23,707)	(26,320)	-	-
Tax expense for the financial year	2,722,930	3,156,358	93,332	57,000

Notes to the Financial Statements

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25. TAXATION *(cont'd)*

Tax savings arising from tax losses:

	Group	
	2015	2014
	RM	RM
Income tax savings arising from utilisation of prior year losses previously not recognised	-	69,500

26. DIVIDENDS

	Group/Company	
	2015	2014
	RM	RM
Interim single tier dividend of RM0.01 per ordinary share (2014: RM0.01) in respect of the current financial year ended 31 August 2015	4,122,340	4,122,340

27. EMPLOYEE BENEFITS

	Group	
	2015	2014
	RM	RM
Employee benefits (excluding Directors)		
- Salaries, wages and allowances	3,944,669	3,486,544
- Contribution to defined contribution plans	489,976	432,441
- Other employee benefits	271,959	252,933
	4,706,604	4,171,918

Notes to the Financial Statements

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28. 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	
	2015	2014
	RM	RM
Profit attributable to ordinary shareholders	6,459,887	7,191,663
Weighted average number of ordinary shares:		
Ordinary shares at 1 September	412,234,020	20
Effect of acquisition of subsidiaries	-	321,542,000 *
Effect of public issue	-	50,936,603
Weighted average number of ordinary shares at 31 August	412,234,020	372,478,623
Basic earnings per ordinary shares (sen)	1.57	1.93

* *Ordinary shares 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.*

29. CAPITAL COMMITMENT

	Group	
	2015	2014
	RM	RM
(a) Capital commitment		
Authorised but not contracted for:		
Property, plant and equipment	-	13,014,000
Authorised and contracted for:		
Property, plant and equipment	10,880,000	-
	10,880,000	13,014,000
(b) Operating lease commitment		
Future minimum lease payments:		
Within one year	171,780	135,107
Within one year but not later than three years	-	123,848
	171,780	258,955

The Group has entered into commercial lease for the office rental. This lease has tenure of 2 years (2014: 3 years) with a renewal option included in the contracts.

Notes to the Financial Statements

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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 or joint 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. 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 and certain members of senior management and chief executive officers of major subsidiary companies of the Group.

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

(b) Compensation of key management personnel

Remuneration of key management personnel are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Salaries and other short term employee benefits	1,159,500	1,368,500	7,500	4,500
Defined contribution plan	164,160	164,160	-	-
	1,323,660	1,532,660	7,500	4,500

(c) Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. In addition to the related party balances disclosed in Notes 10 and 21 to the financial statements, the significant related party transactions of the Company are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Subsidiary company				
Dividend paid	-	-	6,976,401	6,158,401
Related party				
Transportation charges paid	5,000	-	-	-

Notes to the Financial Statements

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31. SEGMENT INFORMATION

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

	Group	
	2015	2014
	RM	RM
Revenue		
Quarry industrial products	20,458,234	33,050,127
Quarry machinery, quarry equipment and reconditioned quarry machinery	22,163,648	15,744,400
Spare parts for quarry machinery, quarry equipment and reconditioned quarry machinery	12,530,345	11,643,588
Manufacturing and distribution of quarry grill	4,493,592	4,984,412
	59,645,819	65,422,527

Except as indicated above, no operating segments have been aggregated to form the above reportable 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 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	Financial liabilities measured at amortised cost	Total
	RM	RM	RM
Group			
2015			
Financial assets			
Trade receivables	17,950,491	-	17,950,491
Other receivables	517,433	-	517,433
Fixed deposits with licensed banks	12,112,525	-	12,112,525
Cash and bank balances	3,378,416	-	3,378,416
	33,958,865	-	33,958,865

Notes to the Financial Statements

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32. FINANCIAL INSTRUMENTS *(cont'd)*

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

	Loans and receivables	Financial liabilities measured at amortised cost	Total
	RM	RM	RM
Group			
2015			
Financial liabilities			
Trade payables	-	2,309,790	2,309,790
Other payables	-	1,973,010	1,973,010
Amount due to Directors	-	19,000	19,000
Finance lease payables	-	1,365,048	1,365,048
Bank borrowings	-	8,150,282	8,150,282
	-	13,817,130	13,817,130
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
	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 due to Directors	-	19,000	19,000
Finance lease payables	-	614,186	614,186
Bank borrowings	-	16,194,776	16,194,776
	-	25,232,188	25,232,188

Notes to the Financial Statements

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32. FINANCIAL INSTRUMENTS *(cont'd)*

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

	Loans and receivables	Financial liabilities measured at amortised cost	Total
	RM	RM	RM
Company			
2015			
Financial assets			
Other receivables	1,000	-	1,000
Amount due from subsidiary companies	17,487,859	-	17,487,859
Fixed deposits with licensed banks	5,000,000	-	5,000,000
Cash and bank balances	275,211	-	275,211
	22,764,070	-	22,764,070
Financial liabilities			
Other payables	-	27,500	27,500
	-	27,500	27,500
2014			
Financial assets			
Amount due from subsidiary companies	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
	20,414,421	-	20,414,421
Financial liabilities			
Other payables	-	25,405	25,405
Amount due to a subsidiary company	-	303,877	303,877
	-	329,282	329,282

(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 credit, liquidity, foreign currency, interest rate and market price risks. 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.

Notes to the Financial Statements

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32. FINANCIAL INSTRUMENTS *(cont'd)*

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

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

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 its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for loans to its subsidiary companies where risks of default have been assessed to be low.

(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. 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 finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for 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 and the Company can be required to pay.

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32. FINANCIAL INSTRUMENTS *(cont'd)*

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

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

	On demand or within 1 year	1 to 2 years	2 to 5 years	After 5 years	Total contractual cash flows	Total carrying amount
	RM	RM	RM	RM	RM	RM
Group						
2015						
Financial liabilities						
Trade payables	2,309,790	-	-	-	2,309,790	2,309,790
Other payables	1,973,010	-	-	-	1,973,010	1,973,010
Amount due to Directors	19,000	-	-	-	19,000	19,000
Finance lease payables	566,677	476,352	456,039	-	1,499,068	1,365,048
Bank borrowings	8,150,282	-	-	-	8,150,282	8,150,282
	13,018,759	476,352	456,039	-	13,951,150	13,817,130
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 due to Directors	19,000	-	-	-	19,000	19,000
Finance lease payables	413,976	142,837	100,946	-	657,759	614,186
Bank borrowings	14,518,623	344,172	1,032,516	1,454,428	17,349,739	16,194,776
	23,355,825	487,009	1,133,462	1,454,428	26,430,724	25,232,188

(iii) Market risks

a) Foreign currency risk

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

b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining 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.

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32. FINANCIAL INSTRUMENTS *(cont'd)*

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

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

b) Interest rate risk *(cont'd)*

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Fixed rate instruments				
Fixed deposits with licensed banks	12,112,525	17,559,967	5,000,000	10,151,635
Finance lease payables	1,365,048	614,186	-	-
	13,477,573	18,174,153	5,000,000	10,151,635
Floating rate instruments				
Bankers' acceptance	8,112,000	11,756,000	-	-
Bank overdraft	38,282	2,379,743	-	-
Term loans	-	2,020,324	-	-
Trust receipts	-	38,709	-	-
	8,150,282	16,194,776	-	-

Interest rate sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group' profit before tax by RM81,503 (2014: RM161,948) respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

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

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

Notes to the Financial Statements

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32. FINANCIAL INSTRUMENTS *(cont'd)*

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

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value			Carrying amount
	Level 1	Level 2	Level 3	
	RM	RM	RM	RM
Group				
2015				
Finance lease payables	-	768,353	-	870,546
Group				
2014				
Finance lease payables	-	204,491	-	228,669

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, 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. In respect of the liability component of RCPS, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

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33. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants. The gearing ratios at end of the reporting period are as follows:

	Group	
	2015	2014
	RM	RM
Total loans and borrowings (exclude bank overdraft)	9,477,048	14,429,219
Less: Cash and cash equivalents	(11,908,150)	(16,975,905)
Net debts	(2,431,102)	(2,546,686)
Total equity	64,450,479	61,956,763
Gearing ratio (times)	#	#

\# *The gearing ratio is not applicable as the cash and bank balances as at 31 August 2015 is sufficient to cover the entire borrowing obligation.*

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

The Group and the Company are not subject to any externally imposed capital requirement.

34. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 December 2015.

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 31.08.2015 RM'000
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)	18	99 years lease expiring on 13 April 2094	419,625
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)	22	Freehold	226,800
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)	22	Freehold	333,334
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)	15	Freehold	53,200
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)	17	Freehold	1,775,880

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 31.08.2015 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)	14	Freehold	1,520,087
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)	NA	99 years lease expiring on 30 December 2098	4,127,800
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)	18	99 years lease expiring on 3 October 2075	153,395
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)	18	99 years lease expiring on 3 October 2075	165,064

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 31.08.2015 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, 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)	15	999 years lease expiring on 17 August 2923	339,570
11.	Individual title held under held 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)	19	Freehold	368,104

Statistics of Shareholdings

As at 30 November 2015

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 30 NOVEMBER 2015

Size of Holding	No. of shareholders	% of shareholders	No. of holdings	% of shares
1 – 99	1	0.04	50	0.00
100 – 1,000	101	3.63	50,600	0.01
1,001 – 10,000	735	26.42	5,500,500	1.34
10,001 – 100,000	1,573	56.54	65,026,600	15.77
100,001 – 20,611,700 *	369	13.26	173,531,060	42.10
20,611,701 AND ABOVE **	3	0.11	168,125,210	40.78
Total	**2,782**	**100.00**	**412,234,020**	**100.00**

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

SUBSTANTIAL SHAREHOLDERS AS AT 30 NOVEMBER 2015

No.	Name of Substantial Shareholder	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	Lau Mong Ling	73,873,224	17.92	-	-
2	Wong Sin Chin	53,377,083	12.95	-	-
3	Yeen Yoon Hin	53,376,903	12.95	-	-

DIRECTORS' INTERESTS IN SHARES AS AT 30 NOVEMBER 2015

No.	Name of Director	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	Chan Wan Choon	8,120,700	1.97	-	-
2	Lau Mong Ling	73,873,224	17.92	-	-
3	Wong Sin Chin	53,377,083	12.95	-	-
4	Yeen Yoon Hin	53,376,903	12.95	-	-
5	Sim Yee Fuan	50,000	0.01	-	-
6	Gan Khong Aik	420,000	0.10	-	-
7	Rahimi Bin Ramli	-	-	-	-

Statistics of Shareholdings

As at 30 November 2015
Cont'd

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 NOVEMBER 2015)

No.	Name of Shareholders	No. of Shares	%
1	LAU MONG LING	62,039,224	15.05
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG SIN CHIN (TAMING-CL)*	53,043,083	12.87
3	YEEN YOON HIN	53,042,903	12.87
4	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)*	12,000,000	2.91
5	M & A NOMINEE (TEMPATAN) SDN BHD FOR LAU MONG LING	11,834,000	2.87
6	CHAN WAN CHOON	8,120,700	1.97
7	ABD RAHMAN BIN SOLTAN	5,000,000	1.21
8	KUMPULAN WANG SIMPANAN GURU-GURU	5,000,000	1.21
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LOW NGOK MING*	3,944,100	0.96
10	LIM LIEW HONG	3,000,000	0.73
11	YONG KOK PEW	2,850,000	0.69
12	LIM KHEOW KOOI	2,200,000	0.53
13	KOH ENG HONG	2,050,000	0.50
14	CHONG CHEE WAI	2,049,300	0.50
15	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG CHAI GO*	2,000,000	0.49
16	YVONNE NG MEI SAN	1,760,000	0.43
17	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AW YONG SAU KUEN (E-TMI)*	1,507,020	0.37
18	LOW NGOK MING	1,380,000	0.33
19	LAU KOK TIAN	1,328,000	0.32
20	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG HWEE CHENG (E-SS2/DJA)*	1,050,000	0.25
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHONG SEW YEN*	1,033,700	0.25
22	CIMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TANG TIANG SEONG (SCOTT GDN-CL)*	1,032,500	0.25
23	LAI KIM PIN	1,000,000	0.24
24	LEE CHOON HOOI	1,000,000	0.24
25	LOONG CHEE MENG	1,000,000	0.24
26	ONG YIT CHENG	1,000,000	0.24
27	CHENG KONG MING	950,000	0.23
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEW MEI LENG (E-TMI)*	923,800	0.22
29	TAN THIAN PAW	909,000	0.22
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR HAN FOONG PING (E-SKN)*	900,000	0.22
	TOTAL	**244,947,330**	**59.42**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourth (4th) 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, 59200 Kuala Lumpur on Tuesday, 26 January 2016 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 2015 together with the Reports of the Directors and Auditors thereon. ***Please refer to Note A***

2. To approve a Final Single Tier Dividend of 5% or 0.5 sen per share for the financial year ended 31 August 2015. ***Ordinary Resolution 1***

3. To approve the payment of Directors' fees of RM132,000.00 to Non-Executive Directors of the Company for the financial year ended 31 August 2015. ***Ordinary Resolution 2***

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

   i) Chan Wan Choon ***Ordinary Resolution 3***
   ii) Wong Sin Chin ***Ordinary Resolution 4***

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

   i) Lau Mong Ling ***Ordinary Resolution 5***
   ii) Gan Khong Aik ***Ordinary Resolution 6***

6. To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 7***

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

7. **Authority to Directors to Allot and Issue Shares** ***Ordinary Resolution 8***

   "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")."

Notice of Annual General Meeting

Cont'd

8. 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
4 January 2016

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 Fourth (4th) AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 19 January 2016. Only members whose name appears on the Record of Depositors as at 19 January 2016 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 8: Authority to Directors to Allot and Issue Shares

The Ordinary Resolution 8, if passed, is a renewal of 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.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the Third (3rd) Annual General Meeting held on 9 February 2015 and which will lapse at the conclusion of the Fourth (4th) Annual General Meeting.

Notice of Annual General Meeting

Cont'd

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a Final Single Tier Dividend of 5% or 0.5 sen per share for the financial year ended 31 August 2015, if approved by shareholders at the forthcoming Annual General Meeting, will be payable on 26 February 2016 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 12 February 2016.

A Depositor shall qualify for entitlement only in respect of:

(a) shares transferred to the Depositor's Securities Account before 4.00 p.m. on 12 February 2016 in respect of transfer; and

(b) shares bought on Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

Statement Accompanying Notice of Annual General Meeting

The Directors who are standing for re-election at the Fourth (4th) Annual General Meeting of the Company are:

(i)	Chan Wan Choon	Section 129 of the Companies Act, 1965	Ordinary Resolution 3
(ii)	Wong Sin Chin	Section 129 of the Companies Act, 1965	Ordinary Resolution 4
(iii)	Lau Mong Ling	Article 95	Ordinary Resolution 5
(iv)	Gan Khong Aik	Article 95	Ordinary Resolution 6

The profile of the above Directors are set out on pages 5 to 9 of the Annual Report 2015. 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 33 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 2015.

The Fourth (4th) Annual General Meeting of the Company will be held at Matahari 1, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Tuesday, 26 January 2016 at 10.00 a.m.

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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 _____ NRIC No. / Passport _____

of _____

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 Fourth (4th) Annual General Meeting of the Company to be held at Matahari 1, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Tuesday, 26 January 2016 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 a Final Single Tier Dividend of 5% or 0.5 sen per share for the financial year ended 31 August 2015.		
2.	To approve the payment of Directors' fees of RM132,000.00 to the Non-Executive Directors of the Company.		
3.	To re-elect Chan Wan Choon as Director.		
4.	To re-elect Wong Sin Chin as Director.		
5.	To re-elect Lau Mong Ling as Director.		
6.	To re-elect Gan Khong Aik as Director.		
7.	To re-appoint Messrs UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
8.	**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 _____, 2016.

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.*
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Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

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

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