11. FINANCIAL INFORMATION

11.1 Proforma Consolidated Income Statements

The following is a summary of our proforma consolidated income statements for the past three (3) FYE 2007 and for the six (6) months FPE 30 October 2006 and 2007 which have been prepared based on the assumption that current structure of our Group had been in existence throughout the financial years/periods under review. The proforma consolidated income statements are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information set out in Section 11.17 of this Prospectus.

	FYE			Six (6) months FPE 31 October	
	2005 RM'000	**2006 RM'000**	**2007 RM'000**	**2006* RM'000**	**2007 RM'000**
Revenue	35,576	39,843	49,393	23,549	31,651
GP	9,338	11,548	13,971	6,639	8,288
Profit before depreciation, amortisation, interest and taxation	6,259	7,515	10,163	5,110	6,749
Depreciation/amortisation	(1,023)	(1,657)	(1,982)	(885)	(1,220)
Interest expenses	(163)	(268)	(538)	(239)	(314)
PBT	5,073	5,590	7,643	3,986	5,215
Taxation	(1,283)	(1,206)	(1,533)	(766)	(971)
PAT	3,790	4,384	6,110	3,220	4,244
GP margin (%)	26.25	28.98	28.29	28.19	26.19
Net profit margin (%)	10.65	11.00	12.37	13.67	13.41
Number of Shares assumed in issue ('000) (1)	60,856	60,856	60,856	60,856	60,856
Gross EPS (sen) (2)	8.34	9.19	12.56	13.10^	17.14^
Net EPS (sen) (2)	6.23	7.20	10.04	10.58^	13.95^

Notes:

* *The proforma consolidated results for the six (6) months FPE 31 October 2006 have not been audited and are provided for comparison only.*

^ *Annualised.*

(1) *Based on the number of Shares assumed in issue after the Acquisition but before the Rights Issue and the IPO.*

(2) *The gross and net EPS have been calculated by dividing PBT and PAT, respectively, by the number of Shares assumed in issue.*

(3) *Basis of preparation:-*

Our proforma consolidated income statements for the past three (3) FYE 2007 and the six (6) months FPE 31 October 2006 and 2007 are provided for illustrative purpose only and have been prepared:-

(i) *based on the audited financial statements for the three (3) FYE 2007 and the six (6) months FPE 31 October 2007 and the unaudited management accounts for the six (6) months FPE 31 October 2006, after making appropriate adjustments for the purpose of preparing the proforma consolidated income statements on the assumption that the Acquisition had been effected throughout the financial years and periods under review;*

(ii) *in accordance with the applicable approved accounting standards issued by the Malaysian Accounting Standards Board; and*

(iii) *based on the basis and assumptions consistent with those accounting policies adopted by our Company and our subsidiary company.*

There was no MI, share of profits/losses of associated companies or joint ventures, exceptional or extraordinary items in the financial years and periods under review. The auditors' reports for LSSPI for the financial years and periods under review were reported without any audit qualification.

11.2 Overview of our Group's Revenue and Operating Profit

The financial analysis and commentaries in respect of our Group are presented for illustration purpose only and on the assumption that our Group had been in existence throughout the financial years and periods under review. Our Company was only incorporated on 29 June 2007 and accordingly, the first audited financial statements cover the period from 29 June 2007 to 30 April 2008. As such, the commentary on past financial performance refers to the past performance of our only subsidiary, LSSPI.

FYE 2005

The revenue grew by 18.41% or RM5.53 million from RM30.04 million in the FYE 2004 to RM35.58 million in FYE 2005. This was mainly due to increase in unit selling prices of our products during the year. Furthermore, our Company has introduced a new packaging product named "extrusion sheets" which have contributed to the sales of RM1.87 million during the financial year under review. The improvement in sales was also due to our Company's ability to secure new overseas customers as well as local customers. The increase in purchases from existing customers had also contributed to the increase in revenue.

The GP margin registered an increase of 1.02% from 25.23% in the FYE 2004 to 26.25% in the FYE 2005 as a result of the increase in selling price per unit as mentioned above.

The PBT increased by 16.66% or RM0.72 million in the FYE 2005 which is in line with the growth of revenue and GP margin in the FYE 2005.

FYE 2006

Revenue increased by 11.99% or RM4.27 million from RM35.58 million in the FYE 2005 to RM39.84 million in the FYE 2006. This is due to further increase in unit selling price and increase in sales quantity for certain products in the FYE 2006.

GP margin increased by 2.73% from 26.25% in the FYE 2005 to 28.98% in the FYE 2006 as a result of better revenue recorded by RM4.27 million due to improvement in selling prices of certain products which overcome the impact of rise in cost of sales experienced by our Company. Hence, our Company was able to maintain and further improve its GP margin despite the increase in cost of sales.

The PBT for the FYE 2006 improved by RM0.52 million or 10.20% higher than the FYE 2005 attributed mainly to increase in selling price per unit and sales quantity as mentioned above.

FYE 2007

Revenue in FYE 2007 recorded an increase by RM9.55 million or 23.97% from RM39.84 million in the FYE 2006 to RM49.39 million in the FYE 2007. The increase in selling price per unit for certain products had lead to the increase in revenue. Furthermore, our Company had also expanded our sales to countries such as French Polynesia, New Zealand and Pakistan with sales value of RM0.19 million, RM0.89 million and RM0.22 million, respectively during the year. The increase in revenue was also due to the success of our Company in diversifying and expanding its business into the upstream business of extruder sheets, which contributed approximately 11% of total revenue in FYE 2007.

There was no material change in the GP margin of our Company as compared to the FYE 2006.

PBT increased by 36.72% or RM2.05 million as compared to the FYE 2006 and this was mainly due to the increase in selling price, expansion of sales and diversification into the upstream business, as mentioned above.

Six (6) months FPE 31 October 2007

The revenue for the FPE 31 October 2007 increased by RM8.10 million or 34.40% from RM23.55 million in the FPE 31 October 2006 to RM31.65 million in the FPE 31 October 2007. The improvement in revenue was mainly due to increase in sales of extrusion sheets to new local and overseas customers. This was also helped to a certain extent, by the introduction of a new extruder machine, which allowed for a better production of our semi-raw materials. In addition, our Company participated aggressively in local and overseas exhibitions that enhanced our reputation and ultimately enabled us to secure new customers.

The GP margin decreased from 28.19% in the FPE 31 October 2006 to 26.19% in the FPE 31 October 2007, which was mainly due to the increase in the purchase price of raw materials, cost of electricity and factory maintenance to achieve the required HACCP certification.

PBT increased by RM1.23 million or 30.82% from RM3.99 million in the FPE 31 October 2006 to RM5.13 million in the FPE 31 October 2007, which was mainly due to better revenue and GP recorded.

11.3 Impact of Foreign Exchange/Interest Rates on Operating Profits

Foreign Exchange

Our Group is exposed to foreign exchange risks as a portion of our business transactions are carried out in foreign currencies. Our Group trades with our Singapore customers in Singapore dollars. Meanwhile, our Group trades with other overseas customers and suppliers in US dollars. To the extent that our business transactions are not naturally matched in the same currency and that the shortfall gives rise to the timing differences between the transaction and payment dates, any significant fluctuation in the exchange rates may have a material impact on our Group's financial performance.

For our overseas customers, we set our selling price in Singapore dollars (for Singapore customers) or US dollars (for other overseas customers), and we adjust our selling price as and when there are significant changes in the exchange rate. Meanwhile, to mitigate the risk of fluctuating exchange rates when purchasing materials from our overseas suppliers, we endeavour to purchase our materials from local suppliers, whenever possible. We also manufacture our own extrusion sheets, namely APET, PET-G, GAG, HIPS and PP sheets, to reduce dependency on our suppliers.

Interest rates

Based on the past three (3) FYE 2007 and up to the six (6) months FPE 31 October 2007, changes to interest rates would not have a material impact on our operating profit. The interest cover as compared to operating profit before interest and taxation ranged between 15.21 times and 32.12 times from FYE 2005 to FPE 31 October 2007.

The following table sets out the interest expense and profit before interest and taxation for the past three (3) FYE 2007 and for the six (6) months FPE 31 October 2007:

	FYE			Six (6) months FPE 31 October	
	2005 RM'000	2006 RM'000	2007 RM'000	2006^ RM'000	2007 RM'000
Interest expense	163	268	538	239	314
Profit before interest and taxation	5,236	5,858	8,181	4,225	5,529
Interest coverage (times)	32.12	21.86	15.21	17.68	17.61

Note:

^ *Based on unaudited management accounts for the six (6) months FPE 31 October 2006.*

11.4 Taxation

The effective tax rate was arrived at after adjusting for over and under provision for income tax in the respective financial years. The lower effective tax rate as compared to the statutory tax rate was mainly due to the availability of reinvestment allowance to be set off with the Company's chargeable income as well as a provision in Malaysia's Budget 2004 that allows the small and medium scale companies' first threshold of chargeable income amounting to RM500,000 to be only subject to corporate tax rate of 20%.

The following table sets out the comparison between the effective and statutory tax rate for the past three (3) FYE 2007 and for the six (6) months FPE 31 October 2007:

	FYE			Six (6) months FPE 31 October	
	2005 (%)	2006 (%)	2007 (%)	2006^ (%)	2007 (%)
Effective tax rate	22.91	19.92	20.34	19.22	21.84
Statutory tax rate	28.00	28.00	27.00	27.00	26.00

Note:

^ *Based on unaudited management accounts for the six (6) months FPE 31 October 2006.*

11.5 Segmental Analysis of our Proforma Revenue and PBT

11.5.1 Analysis of Revenue

(a) Revenue by end user industries

	FYE			Six (6) months FPE 31 October	
	2005 RM'000	2006 RM'000	2007 RM'000	2006^ RM'000	2007 RM'000
Food processing*	22,954	23,738	30,332	14,828	17,107
Electrical & electronic manufacturing*	7,194	10,268	9,280	4,958	4,243
Packaging Product manufacturing @	1,865	2,007	5,140	2,204	8,178
Others*	3,563	3,830	4,641	1,559	2,123
Total	35,576	39,843	49,393	23,549	31,651

Notes:

* *Thermo-vacuum formed plastic packaging products.*
@ *Extrusion products.*
^ *Based on unaudited management accounts for the six (6) months FPE 31 October 2006.*

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(b) Revenue by geographical locations

	FYE			Six (6) months FPE 31 October	
	2005 RM'000	2006 RM'000	2007 RM'000	2006^ RM'000	2007 RM'000
Malaysia	22,386	21,348	28,099	14,971	20,983
Singapore	11,010	15,966	17,715	7,218	7,784
Brunei	102	368	350	55	304
Indonesia	20	39	38	20	345
Australia	289	184	131	58	76
USA	11	270	277	140	89
HKSAR	1,074	861	1,220	538	361
Thailand	-	202	28	28	925
French Polynesia	-	-	195	124	141
New Zealand	-	-	89	-	-
Pakistan	-	-	21	-	49
Dubai U.A.E	684	605	1,196	397	476
India	-	-	-	-	25
Kuwait	-	-	-	-	85
Bahrain	-	-	-	-	8
Bosnia and Herzegovina	-	-	34	-	-
Total	35,576	39,843	49,393	23,549	31,651

Note:

^ *Based on unaudited management accounts for the six (6) months FPE 31 October 2006.*

11.5.2 Analysis of GP

(a) GP by end user industries

	FYE			Six (6) months FPE 31 October	
	2005 RM'000	2006 RM'000	2007 RM'000	2006^ RM'000	2007 RM'000
Food processing*	6,025	6,880	8,580	4,180	4,480
Electrical & electronic manufacturing*	1,888	2,976	2,625	1,398	1,111
Packaging Product manufacturing @	490	582	1,454	621	2,142
Others*	935	1,110	1,312	440	555
Total	9,338	11,548	13,971	6,639	8,288

Notes:

* *Thermo-vacuum formed plastic packaging products.*

@ *Extrusion products.*

^ *Based on unaudited management accounts for the six (6) months FPE 31 October 2006.*

(b) GP by geographical locations

	FYE			Six (6) months FPE 31 October	
	2005 RM'000	**2006 RM'000**	**2007 RM'000**	**2006^ RM'000**	**2007 RM'000**
Malaysia	5,876	6,187	7,948	4,221	5,495
Singapore	2,890	4,627	5,011	2,035	2,038
Brunei	27	107	99	15	79
Indonesia	5	11	10	6	90
Australia	76	53	37	16	20
USA	3	78	78	39	23
HKSAR	282	250	345	152	95
Thailand	-	59	8	8	242
French Polynesia	-	-	55	35	37
New Zealand	-	-	25	-	-
Pakistan	-	-	6	-	13
Dubai U.A.E	179	176	339	112	125
India	-	-	-	-	7
Kuwait	-	-	-	-	22
Bahrain	-	-	-	-	2
Bosnia and Herzegovina	-	-	10	-	-
Total	9,338	11,548	13,971	6,639	8,288

Note:

^ *Based on unaudited management accounts for the six (6) months FPE 31 October 2006.*

The above breakdown and analysis of gross profit by product and geographical are based on the best estimate by the Directors of LSSPI.

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11.6 Proforma Consolidated Balance Sheets

Our proforma consolidated balance sheets as set out below have been prepared for illustrative purposes only to show the effects on our audited balance sheets as at 31 October 2007 had the Flotation Exercise been completed on that date. The proforma consolidated balance sheets below should be read in conjunction with the accompanying notes included in the Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets set out in Section 11.17 of this Prospectus.

	As at 31 October 2007 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000
Share Capital	1	30,428	34,000	40,000	40,000
Share Premium	-	-	-	3,360	1,760
Accumulated Loss	(5)	(4)	(4)	(4)	(4)
Total shareholders' equity	(4)	30,424	33,996	43,356	41,756
Non-Current Liabilities					
Deferred Income – government grant^	-	198	198	198	198
Borrowings	-	4,479	4,479	4,479	479
Finance creditors	-	1,641	1,641	1,641	641
Deferred taxation	-	1,689	1,689	1,689	1,689
	(4)	38,431	42,003	51,363	44,763
Represented by:-					
Non-current Assets					
Property, plant and equipment	-	21,608	21,608	21,608	24,773
Investment Properties	-	530	530	530	530
Prepaid land lease payments	-	185	185	185	185
Total non-current assets	-	22,323	22,323	22,323	25,488
Current Assets					
Inventories	-	10,619	10,619	10,619	10,619
Trade and other receivables	-	18,222	18,222	18,222	18,222
Tax recoverable	-	71	71	71	71
Fixed deposits with a licensed bank	-	97	97	97	97
Cash and bank balances	1	1,156	1,156	10,516	751
Total current assets	1	30,165	30,165	39,525	29,760
Less: Current Liabilities					
Trade and other payables	5	7,107	7,107	7,107	7,107
Deferred Income – government grant^	-	43	43	43	43
Bank borrowings	-	2,663	2,663	2,663	2,663
Dividend payable	-	4,244	672	672	672
Total current liabilities	5	14,057	10,485	10,485	10,485
Net Current Assets/ (Liabilities)	(4)	16,108	19,680	29,040	19,275
Net Assets/(Liabilities)	(4)	38,431	42,003	51,363	44,763
Number of shares ('000)	2	60,854	68,000	80,000	80,000
Net Tangible Assets/ (Liabilities) Per Share (RM)	(2.00)	0.50	0.50	0.54	0.52

Notes:

Proforma I :	*After the Acquisition*
Proforma II :	*After Proforma I and the Rights Issue*
Proforma III:	*After Proforma II and the Public Issue*
Proforma IV:	*After Proforma III and the utilisation of proceeds from the Rights Issue and Public Issue*

^ *The government grant was obtained from SMIDEC under the matching grant for product and process improvement.*

(1) Basis of preparation:-

(i) The proforma consolidated balance sheets have been prepared based on the audited financial statements of SCGM and LSSPI as at 31 October 2007, and using the acquisition method of accounting for SCGM Group.

(ii) The proforma consolidated balance sheets together with notes thereon, have been prepared based on accounting principles and bases consistent with those normally adopted in the preparation of audited financial statements of SCGM Group to illustrate the consolidated balance sheets of SCGM Group assuming that all the transactions mentioned had taken place on 31 October 2007.

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11.7 Proforma Consolidated Cash Flow Statements

The following is our proforma Group cash flow statements for the six (6) months FPE 31 October 2006 and 2007 which have been prepared on the assumption that our Group had been in existence throughout the period under review. The proforma consolidated cash flow statements are prepared for illustrative purpose only and should be read in conjunction with the Reporting Accountant's Letter on the Proforma Consolidated Financial Information set out in Section 11.17 of this Prospectus.

	Unaudited Six (6) months FPE 31 October 2006 RM'000	Audited FPE 31 October 2007 RM'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,986	5,210
Adjustments for:		
Allowance for doubtful debts no longer required	-	(80)
Amortisation of prepaid land lease payments	-	1
Allowance for doubtful debts	-	41
Depreciation	885	1,219
Interest expenses	239	314
Bad debts written off	3	-
Fair value adjustment for investment properties	-	(30)
Allowance for slow moving inventories	-	17
Interest income	(2)	(2)
Amortisation of deferred income - government grant	-	(22)
Unrealised gain on foreign exchange	(126)	(134)
Operating profit before changes in working capital	4,985	6,534
Changes in working capital:-		
Inventories	200	(387)
Payables	2,658	1,433
Receivables	(5,932)	(4,349)
Bills payable	223	346
Cash generated from operations	2,134	3,577
Interest income	2	2
Interest paid	(239)	(314)
Tax paid	(527)	(629)
Net cash generated from operating activities	1,370	2,636
CASHFLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(380)	(1,164)
Net cash used in investing activities	(380)	(1,164)
CASHFLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase and finance lease creditors	(760)	(1,017)
Repayment of borrowings	(447)	(426)
Proceeds from issuance of shares	-	1
Increase in deposit pledged to a licensed bank	91	-
Net cash used in financing activities	(1,116)	(1,442)
CASH AND CASH EQUIVALENTS		
Net increase	(126)	30
At beginning of financial year	399	1,223
At end of financial period	273	1,253

11.8 Trends Information and Factors Affecting Financial Performance, Position and Operations of our Group

11.8.1 Factors Affecting Financial Performance, Position and Operations of our Group

The primary factors which have affected and are expected to continue to affect our financial performance, position and operations include but not limited to the following:

(i) Prices of raw and semi-raw materials - We are subjected to increasing costs of raw and semi-raw materials, such as the higher price of resins, as a result of escalating crude oil prices. In addition, it is normally difficult to keep a large amount of stock as there are different varieties of thickness and type of extrusion sheets. Our Group is aware of the importance of controlling the effect of rising costs of raw and semi-raw materials, and we have taken the appropriate and necessary mitigating actions; and

(ii) Competition – Generally, local thermo-vacuum formed plastic packaging industry players face a key challenge to differentiate themselves in a competitive market. We compete with the larger players in the industry, which include provision of higher quality thermo-vacuum formed plastic packaging products as well as providing value-added services such as preparing new mould patterns or designs from information received from customers and competing in the provision of excellent customer services, amongst others. The risk factors and industry overview relating to our competition are further discussed in Sections 4.4 and 6.4.7 of this Prospectus, respectively.

As at 31 December 2007, being the latest practicable date prior to the printing of this Prospectus, save as disclosed above and in Section 4 in this Prospectus, our Group is not aware of the following:

(i) any known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of our Group; and

(ii) any known trends, demands, commitments, events or uncertainties that would cause the historical financial statements to be not necessarily indicative of our future financial information.

11.8.2 Business and Financial Prospects

Our Directors believe that the prospects for our Group are promising with the increasing awareness towards safe, convenient and practical packaging solutions as well as the anticipation of increase in the demand for our Groups thermo-vacuum formed plastic packaging products. In addition, the good prospects for Malaysia's food packaging industry, the shift of certain industries such as food processing, E&E, healthcare and medical devices towards outsourcing of their packaging process and continued growth of the global electronics market, amongst others, are among the factors that will have a positive impact on our Group's business and financial prospects.

11.9 Liquidity and Capital Resources

Our Group's principal sources of liquidity and capital resources are internally generated funds and various credit facilities from financial institutions.

As at 31 October 2007, our Group's cash and cash equivalents stood at approximately RM1.25 million, and we have banking facilities amounting to approximately RM3.07 million which has yet to be utilised.

Our Directors are of the opinion that after taking into consideration our Group's existing unutilised sources of liquidity and the net proceeds from the Rights Issue and Public Issue, we will have adequate working capital for a period of twelve (12) months from 31 December 2007, being the latest practicable date prior to the printing of this Prospectus.

11.9.1 Cash Flows

For the purpose of providing illustration of our cash flows, the following is a summary of our Group's cash flow for the six (6) months FPE 31 October 2007:

	Six (6) months FPE 31 October 2007 RM'000
Net cash from operating activities	2,636
Net cash used in investing activities	(1,164)
Net cash used in financing activities	(1,442)
Net increase in cash and cash equivalents	30
Cash and cash equivalents at beginning of period	1,223
Cash and cash equivalents at end of period	1,253

11.9.2 Borrowings

As at 31 October 2007, the total outstanding borrowings, all of which are interest bearing, of our Group amounted to approximately RM10.36 million, all of which are interest bearing.

Details of the outstanding bank borrowings as at 31 October 2007 are as follows:

Type of borrowings	**Payable within 12 months RM'000**	**Payable after 12 months RM'000**	**Total RM'000**
Finance creditors	1,578	1,641	3,219
Borrowings	2,662	4,479	7,141
	4,240	6,120	10,360

Our Group has no foreign currency borrowings.

Our gearing ratio is 0.25 times, which is computed based on our outstanding borrowings of RM10.36 million as at 31 October 2007 divided by our proforma shareholders' equity as at 31 October 2007 (after IPO and deducting estimated listing expenses) of approximately RM41.76 million.

We have not defaulted in any of our payments of either interest charges and/or principal sums in respect of any of our borrowings throughout the past one (1) financial year and up to 31 December 2007, being the latest practicable date prior to the printing of this Prospectus.

11.9.3 Financial Instrument for Hedging Purposes

As at 31 December 2007, being the latest practicable date prior to the printing of this Prospectus, our Group has no financial instrument used for hedging purposes.

11.10 Key Financial Ratios

Our key financial ratios for the past three (3) FYE 2007 and for the six (6) months FPE 31 October 2007 are as follows:

	FYE			FPE 31 October
	2005	**2006**	**2007**	**2007**
Inventory turnover (month)	2.18	3.02	3.10	2.68*
Trade receivable turnover (month)	2.96	2.84	2.72	2.75*
Trade payable turnover (month)	2.19	1.88	0.98	0.78*

Note:

* *Annualised.*

11.11 Material Litigation/Arbitration, Contingent Liabilities and Material Commitments for Capital Expenditure

(i) Material Litigation/Arbitration

Save as disclosed in Section 15.4, as at 31 December 2007, being the latest practicable date prior to the printing of this Prospectus, our Company and our subsidiary company are not engaged in any litigation or arbitration, either as plaintiff or defendant, which have a material effect on our Company or subsidiary companies' financial position and our Directors have no knowledge of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect our Company or subsidiary company's financial position or business.

(ii) Contingent Liabilities

As at 31 December 2007, being the latest practicable date prior to the printing of this Prospectus, our Directors are not aware of any material contingent liabilities, which upon becoming enforceable, may have a substantial impact on the financial position of our Group.

(iii) Material Commitments for Capital Expenditure

Save as disclosed below, as at 31 December 2007, being the latest practicable date prior to the printing of this Prospectus, there are no material commitments for capital expenditure contracted or known to be contracted by our Company or our subsidiaries, which may have a substantial impact on our financial position:

Capital Commitment: Acquisition of Plant & Machinery	**RM Million**
Approved and contracted for	1.79
Approved but not contracted for	1.20

We expect to finance our capital commitments via the utilisation of proceeds from the IPO.

11.12 Consolidated Profit Forecast

The following is the summary of our Group profit forecast for the financial year ending 30 April 2008.

	Forecast 2008 RM'000
Revenue	67,413
Consolidated PBT	10,349
Taxation	(1,829)
Consolidated PAT	8,520
Less : Pre-acquisition profit	(5,680)
	2,840
Weighted average number of ordinary shares in issue ('000)*	27,522
Enlarged issued and paid-up share capital ('000)	80,000
Based on the weighted average number of ordinary shares in issue*:-	
Gross EPS (sen)	(1) 37.60
Net EPS (sen)	(2) 30.96
Gross PE Multiple based on the IPO Price (times)	2.07
Net PE Multiple based on the IPO Price (times)	2.52
Based on the enlarged number of ordinary shares upon Listing:-	
Gross EPS (sen)	(1) 12.94
Net EPS (sen)	(2) 10.65
Gross PE Multiple based on the IPO Price (times)	6.03
Net PE Multiple based on the IPO Price (times)	7.32

Notes:

* *Computed on the basis that the Public Issue will be completed by mid February 2008.*

(1) Based on the consolidated PBT before deducting pre-acquisition profit.

(2) Based on the consolidated PAT before deducting pre-acquisition profit.

Please refer to Section 11.13 of this Prospectus for details of the underlying bases and assumptions used in our profit forecast.

11.13 **Reporting Accountants' Letter on the Consolidated Profit Forecast**

Chartered Accountants

SJ Grant Thornton

REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST
(Prepared for inclusion in this Prospectus)

Date: 7 January 2008

The Board of Directors
SCGM BHD
Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Dear Sirs,

SCGM BHD ("SCGM") AND ITS SUBSIDIARY COMPANY ("SCGM GROUP" OR "THE GROUP")
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 30 APRIL 2008

We have reviewed the consolidated profit forecast of the SCGM Group for the financial year ending 30 April 2008 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the standard applicable to the review of forecast. The consolidated profit forecast has been prepared for inclusion in this Prospectus for admission to the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") in connection with the Flotation Exercise of the enlarged issued and paid-up share capital of SCGM which includes the following and should not be relied on for any other purposes:-

(i) **Public Issue**

Public Issue of 12,000,000 new ordinary shares of RM0.50 each ("SCGM Shares") at an issue price of RM0.78 per SCGM Share to the Malaysian Public, eligible Directors, employees and other persons who have contributed to the success of SCGM Group and selected investors by way of private placement.

The allocation of the Public Issue is as follows:-

(a) 6,000,000 new SCGM Shares representing 7.50% of the enlarged issued and paid-up share capital of SCGM will be made available for application by the Malaysian Public to be allocated via ballot, of which 30% will set aside for Bumiputera investors;

(b) 4,500,000 new SCGM Shares representing approximately 5.62% of the enlarged issued and paid-up share capital of SCGM will be made available for application by the eligible Directors, employees and other persons who have contributed to the success of the SCGM Group; and

SJ Grant Thornton (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail, P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T (603) 2692 4022
F (603) 2691 5229
E sjgt@gt.com.my
W www.gt.com.my

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(c) 1,500,000 new SCGM Shares representing approximately 1.88% of the enlarged issued and paid-up share capital of SCGM will be made available for application by way of private placement to selected investors.

(ii) **Offer for Sale**

The Offerors shall offer for sale of 24,000,000 SCGM Shares, representing 30% of the enlarged issued and paid-up share capital of SCGM at an offer price of RM0.78 each per SCGM Share to Bumiputera investors to be approved by the Ministry of International Trade and Industry ("MITI").

[Public Issue and Offer for Sale are collectively referred as Initial Public Offer].

(iii) **Share Transfer**

The Promoters will transfer a portion of their Shares amounting to 24,000,000 SCGM Shares to SCGM Lee Sdn Bhd ("SLSB") for a total consideration of RM12.00 million to be satisfied via the issuance of 1,000 ordinary shares of RM1.00 each in SLSB and the balance of RM11.999 million will remain as amount owing from SLSB to the Promoters; and

(iv) **Listing and Quotation on the Second Board of Bursa Securities**

In conjunction with the Initial Public Offer, SCGM seeks the admission and the listing of and quotation for its entire enlarged issued and paid-up share capital of SCGM comprising 80,000,000 SCGM Shares on the Official List of the Second Board of the Bursa Securities.

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors of the SCGM Group as set out in the accompanying statement (which we have stamped for the purpose of identification) and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the financial period ended 31 October 2007. The Directors of the SCGM Group are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date of information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

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Subject to the matters stated in the preceding paragraphs:-

(i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors of SCGM Group, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and

(ii) in our opinion, the consolidated profit forecast, insofar as the calculations are concerned, are properly prepared on the basis of assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by SCGM Group in its audited financial statements for the financial period ended 31 October 2007.

The accompanying forecast and this letter have been prepared solely for inclusion in this Prospectus in connection with the abovementioned transactions. This letter should not be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully,

SJ GRANT THORNTON
NO. AF: 0737
CHARTERED ACCOUNTANTS

DATO' N. K. JASANI
NO: 708/03/08(J/PH)
PARTNER OF THE FIRM

SCGM BHD
(Company No: 779028 H)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANY

CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 30 APRIL 2008

The Directors forecast that the SCGM Group's results for the financial year ending 30 April 2008 will be as follows:-

	Forecast 2008 RM'000
Revenue	67,413
Consolidated profit before taxation ("PBT")	10,349
Taxation	(1,829)
Consolidated profit after taxation ("PAT")	8,520
Less: Pre-acquisition profit	(5,680)
	2,840
Weighted average number of ordinary shares of RM0.50 each in issue (Note)	27,522,235
Enlarged issued and paid-up share capital	80,000,000

Note: On the assumption that the Acquisition and Rights Issue were completed on December 2007, and Public Issue will be completed by mid of February 2008.

Based on the weighted average number of ordinary shares in issue:- *

Gross EPS (sen) #	37.60
Net EPS (sen) ##	30.96
Gross PE Multiple (times)	2.07
Net PE Multiple (times)	2.52

Based on the enlarged number of ordinary shares upon listing:-

Gross EPS (sen) #	12.94
Net EPS (sen) ##	10.65
Gross PE Multiple (times)	6.03
Net PE Multiple (times)	7.32

SCGM BHD
(Company No: 779028 H)
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AND ITS SUBSIDIARY COMPANY

CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 30 APRIL 2008 (CONT'D)

The Directors forecast that SCGM Group's results for the financial year ending 30 April 2008 will be as follows (cont'd):-

*	on the assumption that the Public Issue will be completed by mid of February 2008.
#	based on the consolidated PBT of the Group before deducting the pre-acquisition profit.
##	based on the consolidated PAT of the Group before deducting the pre-acquisition profit.
EPS	Earnings per share.
PE	Price over earnings per share.

SCGM BHD
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CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 30 APRIL 2008 (CONT'D)

The specific bases and assumptions made in the preparation of the consolidated profit forecast are set out as below:-

(a) The following transactions are expected to be completed and implemented by mid of February 2008:-

(i) **Public Issue**

Public Issue of 12,000,000 new SCGM Shares at an issue price of RM0.78 per SCGM Share to the Malaysian Public, eligible Directors, employees and other persons who have contributed to the SCGM Group and selected investors by way of private placement.

The allocation of the Public Issue is as follows:-

(a) 6,000,000 new SCGM Shares representing 7.50% of the enlarged issued and paid-up share capital of SCGM will be made available for application by the Malaysian Public to be allocated via ballot, of which 30% will be set aside for Bumiputera investors;

(b) 4,500,000 new SCGM Shares representing approximately 5.62% of the enlarged issued and paid-up share capital of SCGM will be made available for application by eligible Directors, employees and other persons who have contributed to the success of the SCGM Group; and

(c) 1,500,000 new SCGM Shares representing approximately 1.88% of the enlarged issued and paid-up share capital of SCGM will be made available for application by way of private placement to selected investors

(ii) **Offer for Sale**

The Offerors shall offer for sale of 24,000,000 SCGM Shares, representing 30% of the enlarged issued and paid-up share capital of SCGM at an offer price of RM0.78 each per SCGM Share to Bumiputera investors to be approved by the MITI.

[Public Issue and Offer for Sale are collectively referred as Initial Public Offer].

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CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 30 APRIL 2008 (CONT'D)

The specific bases and assumptions made in the preparation of the consolidated profit forecast are set out as below (cont'd):-

(a) The following transactions are expected to be completed and implemented by mid of February 2008 (cont'd):-

(iii) **Share Transfer**

The Promoters will transfer a portion of their Shares amounting to 24,000,000 SCGM Shares to SCGM Lee Sdn Bhd ("SLSB") for a total consideration of RM12.00 million to be satisfied via the issuance of 1,000 ordinary shares of RM1.00 each in SLSB and the balance of RM11.999 million will remain as amount owing from SLSB to the Promoters.

(iv) **Listing and Quotation on the Second Board of Bursa Securities**

In conjunction with the Initial Public Offer, SCGM seeks the admission and the listing of and quotation for its entire enlarged issued and paid-up share capital of SCGM comprising 80,000,000 SCGM Shares on the Official List of the Second Board of Bursa Securities.

(b) SCGM Group is expected to generate revenue as follows:-

	Forecast 2008 RM	%
(i) Segment by product		
* Food processing	36,402,763	54
* Electrical & electronic manufacturing	11,460,129	17
@ Packaging product manufacturing	14,156,630	21
* Others - medical, other consumer product packaging	5,393,002	8
	67,412,524	100

* Thermo-vacuum formed plastic packaging products
@ Extrusion products

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CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 30 APRIL 2008 (CONT'D)

The specific bases and assumptions made in the preparation of the consolidated profit forecast are set out as below (cont'd):-

(b) SCGM Group is expected to generate revenue as follows:-

(ii) Segment by geographical

Malaysia	37,315,851	56
Singapore	23,808,231	36
Brunei	625,441	1
Indonesia	807,114	1
Australia	238,456	*
Thailand	727,786	1
French Polynesia	307,035	*
Pakistan	181,947	*
USA	314,814	*
Hong Kong	1,173,555	2
New Zealand	403,258	1
Dubai U.A.E.	1,418,064	2
Bosnia and Herzegovina	90,972	*
	67,412,524	100

* less than 1%

(c) SCGM Group is expected to have average gross profit margin of approximately 26.7%.

(d) There will be no material changes in the costs and prices of the products of the Group.

(e) All new products to be introduced into the market will commence as scheduled.

(f) An estimated listing expenses of RM1.6 million will be incurred in relation to the flotation exercise and to be paid out from the proceeds of the Rights Issue and Public Issue. The listing expenses will be set off against share premium account.

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CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 30 APRIL 2008 (CONT'D)

The specific bases and assumptions made in the preparation of the consolidated profit forecast are set out as below (cont'd):-

(g) The Group is expected to acquire property, plant and equipment amounting to approximately RM3.23 million in the forecast year.

The details of the property, plant and equipment purchased and to be purchased during the forecast year are as follows:-

	RM
Machineries	2,638,000
Equipments, tools and etc	450,000
Motor vehicle	143,420
	3,231,420

RM2,638,000 will be paid through proceeds from Rights Issue and Public Issue. The remaining amount of RM593,420 will be financed through internally generated fund.

(h) Statutory tax rate will be at 26%.

(i) The consolidated profit forecast has been prepared on a basis consistent with those bases and accounting policies previously adopted in the preparation of financial statements of SCGM Group and disclosed in the respective audited financial statements for the financial period ended 31 October 2007.

(j) The consolidated profit forecast of the Group for the financial year ending 30 April 2008 is compiled based on the profit forecast of Lee Soon Seng Plastic Industries Sdn. Bhd. ("LSSPI").

(k) Administration expenses are expected to increase at an average rate of approximately 8% per annum during the forecast year.

(l) Selling and distribution expenses are expected to increase in accordance with the increase in revenue.

(m) Allowance for doubtful debts will be at 4% of the trade receivables during the forecast year.

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CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 30 APRIL 2008 (CONT'D)

The specific bases and assumptions made in the preparation of the consolidated profit forecast are set out as below (cont'd):-

(n) Utilisation of the proceeds from the Rights Issue and Public Issue are as follows:-

	RM'000
Capital expenditure *	3,165
Repayment of bank borrowings **	5,000
Working capital	3,167
Listing expenses	1,600
	12,932

* Any shortfall in the capital expenditure will be covered by working capital.

** RM4 million and RM1 million will be used to repay bank borrowings and hire purchase creditors, respectively.

(o) A gross dividend of RM1.2 million or 1.5 sen per SCGM Share based on the enlarged issued and paid up share capital of SCGM in respect of financial year ending 30 April 2008 will be proposed, approved by the shareholders of SCGM and paid during the financial year ending 30 April 2009.

SCGM BHD
(Company No: 779028 H)
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AND ITS SUBSIDIARY COMPANY

PRINCIPAL BASES AND ASSUMPTIONS TO THE CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 30 APRIL 2008

The principal bases and assumptions upon which the consolidated profit forecast has been prepared are set out below:-

1. There will be no material changes in the SCGM Group's structure or principal activities or composition of the Group subsequent to the admission to the Second Board of Bursa Securities.

2. There will be no significant changes in the prevailing economic, technology and political climate in Malaysia and elsewhere which will adversely affect the activities and the demand, saleability and pricing of its products and services or the markets in which it operates which will adversely affect the SCGM Group's performance and the business of its major customers.

3. There will be no material changes in present legislation, Government policies or regulations in Malaysia and elsewhere, the regulations of the Second Board of Bursa Securities and guidelines of the regulatory authorities affecting the SCGM Group's activities or the markets in which it operates.

4. There will be no significant changes in the rates, basis of duties, levies and taxes affecting the SCGM Group's activities or the markets in which it operates.

5. There will be no major industrial disputes or any other abnormal circumstances including exceptional bad debts that will adversely affect the operations of the SCGM Group or the market in which it operates.

6. There will not be any material fluctuation in interest rates and exchange rates of foreign currencies against Ringgit Malaysia.

7. Inflation is assumed at the prevailing rate and all the forecast sales, purchases, and expenses have included the inflation factor.

8. There will be no material deviation in accounting, management and costing policies adopted by the SCGM Group that will adversely affect the performance of the SCGM Group.

9. There will be no significant changes in the price of raw materials, cost of goods purchased, labour costs and other incidental cost which will adversely affect the SCGM Group's profitability. There will be no significant shortage in skilled and unskilled expertise or labour required.

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SCGM BHD
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PRINCIPAL BASES AND ASSUMPTIONS TO THE CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 30 APRIL 2008 (CONT'D)

The principal bases and assumptions upon which the consolidated profit forecast has been prepared are set out below (cont'd):-

10. There will be no material changes in the existing key personnel and management of the SCGM Group that will adversely affect the performance of the SCGM Group.

11. There will be no major breakdowns or disruption in the operational and manufacturing facilities, industrial disputes, disruption from supplies of materials or other abnormal factor both domestic and overseas, which will adversely affect the SCGM Group's operations.

12. There will be no material acquisition or disposal of property, plant and equipment and capital expenditure other than those taken into consideration in the forecast and there will be no major delays or variations in the implementation of approved capital expenditure program of the SCGM Group.

13. The SCGM Group will not engage in any material litigation and there will be no legal proceedings against the SCGM Group which will adversely affect the activities and performance of the SCGM Group or give rise to any contingent liabilities which will materially affect the financial position and business of the SCGM Group.

14. The SCGM Group will achieve the selling prices as per forecasted and the targeted sales mix of the SCGM Group's products and its customers segmentation will be achieved as planned. Sales and related costs as forecasted by the Directors, take into consideration the present market condition of selling prices and related costs of the SCGM Group are consistent with the business plans of the SCGM Group. There would be no significant changes to the prices of products, labour and operating costs of the SCGM Group.

15. Existing and future financing facilities will remain available to the SCGM Group with no significant changes in interest rates and repayment terms, other than those taken into consideration in the forecast.

16. There will not be material loss of the SCGM Group's existing customers that will materially affect the revenue of the Group. The Group will not experience exceptional level of bad or doubtful debts.

17. There will be no significant changes to the existing and future arrangements and collaborations with the existing and identified partners of the SCGM Group.

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SCGM BHD
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PRINCIPAL BASES AND ASSUMPTIONS TO THE CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 30 APRIL 2008 (CONT'D)

The principal bases and assumptions upon which the consolidated profit forecast has been prepared are set out below (cont'd):-

18. All existing licenses and permits granted to SCGM Group will not be withdrawn and will be renewed by the relevant authorities. All licenses and permits required by SCGM Group in respect of future operations will be obtained.

19. SCGM Group's products will not be obsolete and the Group endeavour to purchase and manufacture goods that keep pace with amongst others, emerging client needs and preferences. There will not be significant defects, errors, or incidents that would materially affect the business and/or profitability of SCGM Group.

20. There will not be any substantial impairment to the carrying value of the Group's property, plant and equipment and other non-current assets.

21. The timing and quantum of forecasted income and costs will be generated and incurred as planned.

22. The clients of SCGM Group will fulfill the purchase order and contractual obligation by SCGM Group.

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11.14 Directors' Analysis and Comments on the Consolidated Profit Forecast

Our Board has reviewed and analysed the bases and assumptions used in arriving at the consolidated profit forecast of our Group for the financial year ending 30 April 2008 and is of the opinion that the consolidated profit forecast is fair and reasonable in light of the prospects of the thermo-vacuum formed plastic packaging industry in which we operate and the future plans, strategies and prospects of our Group as set out in Section 5.7 of this Prospectus, the future prospects of our industry as set out in section 6 of this Prospectus and after taking into consideration the forecasted gearing level, liquidity and working capital requirements of our Group.

Nevertheless, the profit forecast is based on subjective judgments and there can be no assurance that the profit forecast will be realised. Accordingly, our Group's actual results for the financial year ending 30 April 2008 may differ from the forecast figure shown herein.

Our Directors do not foresee any likely change in business and operating conditions that will materially impact our forecast.

For the financial year ending 30 April 2008, we forecasted total revenue of RM67.41 million which represents an increase of approximately RM18.02 million or 36.49% over our proforma consolidated revenue in the previous year of approximately RM49.39 million. Our Directors anticipate higher revenue contribution from its thermo-vacuum forming products in local and overseas markets. However, majority of the increase is expected from the sales of our extrusion sheets in the local, Singapore, Thailand and Indonesian market, which will contribute positively to our Group's revenue for the financial year ending 30 April 2008. In addition, the higher revenue is also attributable to more business opportunities in the ASEAN region presenting itself to thermo-vacuum forming market players, which will be helped by measures such as the introduction of AFTA and the withdrawal of ASEAN tariff barriers, amongst others.

As a result of the expected improvement in our Group's revenue, our Group's PBT is forecasted to be approximately RM10.35 million representing an improvement of RM2.71 million as compared to the previous financial year. Our Group is forecasted to achieve a PAT of approximately RM8.52 million (before deducting pre-acquisition profit) for the financial year ending 30 April 2008.

11.15 Dividend Forecast and Policy

It will be the policy of our Directors to recommend dividends to allow shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

For the financial year ending 30 April 2008, our Group is forecasting to achieve a PAT of approximately RM8.52 million (before deducting pre-acquisition profit). In view of this, our Directors anticipate that they will be in a position to propose, based on the enlarged issued share issued and paid-up share capital of 80,000,000 Shares, a gross dividend of RM1.2 million or 1.5 sen per Share for the financial year ending 30 April 2008.

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The intended appropriation of our forecasted consolidated PAT for the financial year ending 30 April 2008 would be as follows:

Financial Year Ending 30 April 2008

	RM'000
Consolidated PBT	10,349
Less: Taxation	(1,829)
Consolidated PAT	8,520
Less: Pre-acquisition profit	(5,680)
	2,840

Gross dividend per Share [(1)] (sen)	1.50
Net dividend per Share [(1)] (sen)	1.11
Gross dividend yield [(2)] (%)	1.92
Net dividend yield [(2)] (%)	1.42
Net dividend cover [(3)] (times)	9.59

Notes:

(1) Based on our enlarged issued and paid-up share capital upon Listing.
(2) Based on the IPO Price.
(3) Calculated using net EPS based on consolidated PAT before pre-acquisition profit and the enlarged issued and paid-up share capital.

Our Directors will consider the following general principles that they currently intend to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends:

(a) the level of our cash and indebtedness;

(b) required and expected interest expenses, cash flows, our profits and return on equity and retained earnings;

(c) our expected results of operations and future level of operations;

(d) the availability of tax credits to frank dividends, where applicable; and

(e) our projected levels of capital expenditure and other investment plans.

Investors should note that future dividends might be waived if:

(a) our Group records losses as opposed to profits; or

(b) the payment of dividend would adversely affect our Group's cashflow and business operations.

Notwithstanding the above, our Directors have full discretion not to propose any future dividends.

11.16 Sensitivity Analysis

The following sensitivity analysis is prepared based on the forecast assumptions as set out in the Reporting Accountants' Letter on the Consolidated Profit Forecast in Section 11.13 of this Prospectus and attempts to show the impact on our consolidated profit forecast assuming all other things remain unchanged except for 5% and 10% upward and downward variation in the revenue, cost of sales and their related variables. This sensitivity analysis is prepared by our Group and has not been independently verified by the Reporting Accountants. Notwithstanding the impact of the variations in revenue, cost of sales and operating cost, there may exists other factors which have not been taken into account, variations of which may have a significant impact, either positively or negatively, on our financials. The sensitivity analysis is as follows:

Variations in Selling Price

Forecast for the financial year ending 30 April 2008

	Revenue (RM'000)	Cost of Sales (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT (RM'000)	Increase/ (Decrease) in PAT (%)
As Forecast	67,413	49,414	17,999	10,349	8,520	-
Up to 10%	74,154	49,414	24,740	17,090	13,508	58.55
Up to 5%	70,783	49,414	21,369	13,719	11,014	29.28
Down 5%	64,042	49,414	14,628	6,978	6,025	(29.28)
Down 10%	60,671	49,414	11,257	3,607	3,531	(58.55)

Variations in Purchase Price

Forecast for the financial year ending 30 April 2008

	Revenue (RM'000)	Cost of Sales (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT (RM'000)	Increase/ (Decrease) in PAT (%)
As Forecast	67,413	49,414	17,999	10,349	8,520	-
Up to 10%	67,413	54,355	13,058	5,407	4,863	(42.92)
Up to 5%	67,413	51,884	15,529	7,878	6,691	(21.46)
Down 5%	67,413	46,943	20,470	12,819	10,348	21.46
Down 10%	67,413	44,472	22,941	15,290	12,176	42.92

Variations in Sales Volume

Forecast for the financial year ending 30 April 2008

	Revenue (RM'000)	Cost of Sales (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT (RM'000)	Increase/ (Decrease) in PAT (%)
As Forecast	67,413	49,414	17,999	10,349	8,520	-
Up to 10%	74,154	54,355	19,799	12,149	9,852	15.63
Up to 5%	70,783	51,884	18,899	11,249	9,186	7.82
Down 5%	64,042	46,943	17,099	9,449	7,854	(7.82)
Down 10%	60,671	44,472	16,199	8,549	7,188	(15.63)

Based on the above, the sensitivity analysis shows that our Group will continue to remain profitable for the forecast year despite the variations in selling price, purchase price and sales volume.

11.17 Reporting Accountants' Letter on the Proforma Consolidated Financial Information

SJ Grant Thornton

Chartered Accountants

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION
(Prepared for inclusion in this Prospectus)

Date: 7 January 2008

The Board of Directors
SCGM BHD
Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Dear Sirs,

PROFORMA CONSOLIDATED FINANCIAL INFORMATION
SCGM BERHAD AND ITS SUBSIDIARY COMPANY

We have reviewed the presentation of the Proforma Consolidated Financial Information of SCGM Bhd ("SCGM") and its subsidiary company ("SCGM Group or The Group") for the past three (3) financial years ended 30 April 2005 to 2007 and the financial period ended 31 October 2007, together with the notes thereto as set out in this Prospectus, which we have stamped for the purpose of identification, in connection with the listing of and quotation for the entire enlarged issued and fully paid-up share capital of SCGM on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Proforma Consolidated Financial Information have been prepared for illustrative purposes only on the basis of assumptions as set out below and after making certain adjustments to show that:-

i) the financial results of SCGM Group for the financial years ended 30 April 2005 to 2007 and the financial period ended 31 October 2007 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the years being reported on;

ii) the financial position of SCGM Group as of 31 October 2007 would have been if the group structure as of the date of the Prospectus had been in place on that date, adjusted for the acquisition, rights issue and public issue; and

iii) the cash flows of SCGM Group for the financial period ended 31 October 2007 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the financial period ended 31 October 2007.

SJ Grant Thornton (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail, P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T (603) 2692 4022
F (603) 2691 5229
E sjgt@gt.com.my
W www.gt.com.my

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The Proforma Consolidated Financial Information, because of its nature, may not give a true picture of SCGM Group's actual financial results, financial position and cash flows. Further, such information does not predict the Group's future financial position, results and cash flows.

It is the sole responsibility of the Directors of SCGM to prepare the Proforma Consolidated Financial Information in accordance with the requirements of the Prospectus Guidelines in respect of Public Offerings issued by the Securities Commission. Our responsibility is to form an opinion as required by the Prospectus Guidelines on the Proforma Consolidated Financial Information and our report is given to you solely for this, and no other purpose.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Proforma Consolidated Financial Information, nor do we accept responsibility for such reports or opinions beyond that is owed to those to whom those reports or opinions were addressed by us at the date of their issue.

Our work, which involved no independent examination of any of the underlying financial information, consists primarily to compare the Proforma Consolidated Financial Information with the audited financial statements, considering the evidence supporting the adjustments and discussing the Proforma Consolidated Financial Information with the Directors of SCGM Group.

In our opinion, the Proforma Consolidated Financial Information together with the accompanying notes which are provided solely for illustrative purposes only,

(a) have been properly compiled on a basis of preparation as stated in the notes thereto; such basis is consistent with the accounting policies normally adopted by SCGM Group;

(b) the adjustments are appropriate for the purposes of the Proforma Consolidated Financial Information; and

(c) the financial statements used in the preparation of the Proforma Consolidated Financial Information were prepared in accordance with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

SJ Grant Thornton

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Yours faithfully,

SJ GRANT THORNTON
NO. AF: 0737
CHARTERED ACCOUNTANTS

DATO' N.K. JASANI
NO: 708/03/08 (J/PH)
PARTNER OF THE FIRM

SCGM BHD
(Company No: 779028 H)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANY

Basis of preparation of Proforma Consolidated Financial Information

1. The Proforma Consolidated Financial Information have been prepared to illustrate that:-

    a) the financial results of SCGM Group for the financial years ended 30 April 2005 to 2007 and the financial period ended 31 October 2007 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the years being reported on;

    b) the financial position of SCGM Group as of 31 October 2007 would have been if the group structure as of the date of the Prospectus had been in place on that date, adjusted for the acquisition, rights issue and public issue; and

    c) the cash flows of SCGM Group for the financial period ended 31 October 2007 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the financial period ended 31 October 2007.

2. The Proforma Consolidated Financial Information has been prepared based on the audited financial statements of SCGM and its subsidiary company for the financial years ended 30 April 2005 to 2007 and the financial period ended 31 October 2007 and using the bases and the accounting principles consistent with those adopted in the audited consolidated financial information, after giving effect to the proforma adjustments which considered appropriate.

3. For illustrative purposes, it was assumed that the acquisition of Lee Soon Seng Plastic Industries Sdn. Bhd. ("LSSPI") which was completed subsequent to the financial period ended 31 October 2007 took place prior to 1 May 2004 in arriving at the proforma consolidated financial results for the financial years ended 30 April 2005 to 2007 and the financial period ended 31 October 2007.

4. The Proforma Consolidated Financial Information has been prepared for illustrative purposes only and because of their nature, may not give a true picture of the actual financial position, results and cash flows of SCGM Group.

5. The statutory audited financial statements of SCGM Group for the financial years ended 30 April 2005 to 2007 and the financial period ended 31 October 2007 were prepared in accordance with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

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SCGM BHD
(Company No: 779028 H)
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(i) PROFORMA CONSOLIDATED INCOME STATEMENTS

The proforma consolidated financial results of SCGM Group for the past three (3) financial years ended ("FYE") 30 April 2005 to 2007 and the six months financial period ended ("FPE") 31 October 2007 are provided for illustrative purposes based on the audited financial statements of SCGM and LSSPI assuming that SCGM has been in existence throughout the financial years/period under review. Adjustments were made to the proforma consolidated financial results to account for retrospective effects of the acquisition of LSSPI which was completed subsequent to the six months financial period ended 31 October 2007.

Year/Period ended	30/4/2005 RM	30/4/2006 RM	30/4/2007 RM	31/10/2007 RM
Revenue	35,576,409	39,842,812	49,392,750	31,650,516
Gross profit	9,337,789	11,547,558	13,970,920	8,288,079
Profit before amortisation, depreciation, interest, and taxation	6,259,200	7,515,258	10,163,344	6,749,500
Amortisation	-	-	(2,186)	(1,094)
Depreciation	(1,023,153)	(1,656,580)	(1,979,937)	(1,218,844)
Interest expenses	(163,222)	(268,357)	(538,093)	(314,275)
Profit before taxation but after amortisation, depreciation and interest ("PBT")	5,072,825	5,590,321	7,643,128	5,215,287
Taxation	(1,282,813)	(1,206,474)	(1,532,599)	(970,856)
Profit after taxation ("PAT")	3,790,012	4,383,847	6,110,529	4,244,431
Gross profit margin (%)	26.25	28.98	28.29	26.19
PBT margin (%)	14.26	14.03	15.47	16.48
PAT margin (%)	10.65	11.00	12.37	13.41
Number of ordinary shares of RM0.50 each assumed to be issued #	60,856,000	60,856,000	60,856,000	60,856,000
Gross earnings per share ("EPS") (sen)	8.34	9.19	12.56	17.14*
Net EPS (sen)	6.23	7.20	10.04	13.95*

SCGM BHD
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(i) PROFORMA CONSOLIDATED INCOME STATEMENTS (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED INCOME STATEMENTS

1. The Proforma Consolidated Income Statements have been prepared based on the audited financial statements of SCGM and LSSPI for the past three (3) financial years ended 30 April 2005 to 2007 and the six months financial period ended 31 October 2007.

2. There were no extraordinary or exceptional items in all the financial years/period under review.

3. SCGM Group's results have been restated through appropriate consolidation adjustments to eliminate inter-company transactions under the existing group structure.

As SCGM was only incorporated on 29 June 2007, the number of ordinary shares of RM0.50 each assumed to be issued was computed using the issued and fully paid-up ordinary share capital of SCGM assuming the acquisition of LSSPI has been completed on 1 May 2004.

* Annualised.

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(ii) PROFORMA CONSOLIDATED BALANCE SHEETS

The Proforma Consolidated Balance Sheets of SCGM Group as at 31 October 2007 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Proforma Consolidated Balance Sheets on the assumption that these transactions were completed on 31 October 2007.

	SCGM as at 31 October 2007 RM	Proforma I RM	Proforma II RM	Proforma III RM	Proforma IV RM
SHARE CAPITAL	1,000	30,428,000	34,000,000	40,000,000	40,000,000
SHARE PREMIUM	-	-	-	3,360,000	1,760,000
ACCUMULATED LOSS	(5,000)	(4,379)	(4,379)	(4,379)	(4,379)
Total shareholders' equity	(4,000)	30,423,621	33,995,621	43,355,621	41,755,621
NON-CURRENT LIABILITIES					
Deferred income – government grant	-	198,036	198,036	198,036	198,036
Borrowings	-	4,479,326	4,479,326	4,479,326	479,326
Deferred taxation	-	1,689,000	1,689,000	1,689,000	1,689,000
Finance creditors	-	1,641,187	1,641,187	1,641,187	641,187
	(4,000)	38,431,170	42,003,170	51,363,170	44,763,170
Represented by:-					
NON-CURRENT ASSETS					
Property, plant and equipment	-	21,607,581	21,607,581	21,607,581	24,772,581
Investment properties	-	530,000	530,000	530,000	530,000
Prepaid land lease payments	-	185,019	185,019	185,019	185,019
Total non-current assets	-	22,322,600	22,322,600	22,322,600	25,487,600
CURRENT ASSETS					
Inventories	-	10,619,514	10,619,514	10,619,514	10,619,514
Trade and other receivables	-	18,222,125	18,222,125	18,222,125	18,222,125
Tax recoverable	-	71,131	71,131	71,131	71,131
Fixed deposit with licensed bank	-	96,648	96,648	96,648	96,648
Cash and bank balances	1,000	1,156,557	1,156,557	10,516,557	751,557
Total current assets	1,000	30,165,975	30,165,975	39,525,975	29,760,975

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(ii) PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)

	SCGM as at 31 October 2007 RM	Proforma I RM	Proforma II RM	Proforma III RM	Proforma IV RM
CURRENT LIABILITIES					
Trade and other payables	5,000	7,106,893	7,106,893	7,106,893	7,106,893
Deferred income – government grant	-	43,496	43,496	43,496	43,496
Bank borrowings	-	2,662,585	2,662,585	2,662,585	2,662,585
Dividend payable	-	4,244,431	672,431	672,431	672,431
Total current liabilities	5,000	14,057,405	10,485,405	10,485,405	10,485,405
NET CURRENT (LIABILITIES)/ASSETS	(4,000)	16,108,570	19,680,570	29,040,570	19,275,570
	(4,000)	38,431,170	42,003,170	51,363,170	44,763,170
NET TANGIBLE (LIABILITIES)/ASSETS PER ORDINARY SHARE OF RM0.50 EACH (RM)	(2.00)	0.50	0.50	0.54	0.52

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(ii) PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

1. The Proforma Consolidated Balance Sheets have been prepared based on the audited financial statements of SCGM and LSSPI as at 31 October 2007, and using the acquisition method of accounting for SCGM Group.

2. The Proforma Consolidated Balance Sheets together with notes thereon, have been prepared based on accounting principles and bases consistent with those normally adopted in the preparation of audited financial statements of SCGM Group to illustrate the Consolidated Balance Sheets of SCGM Group assuming that all the transactions mentioned below had taken place on 31 October 2007:-

Proforma I: Acquisition

Acquisition of the entire issued and paid up share capital of LSSPI comprising 2,200,000 ordinary shares of RM1.00 each for a consideration of RM30,427,000 to be satisfied by the issuance of 60,854,000 SCGM Shares at par.

A pre-acquisition dividend distribution of RM4,244,431 by LSSPI to its respective shareholders prior to the Acquisition has been declared out of the earnings generated from 1 May 2007 to 31 October 2007.

Proforma II: Rights Issue

Assume after Proforma I and Rights Issue of 7,144,000 new ordinary shares of RM0.50 each in SCGM at an issue price of RM0.50 each to the existing shareholders of SCGM on the basis of approximately ten (10) new ordinary shares of RM0.50 each in SCGM for every eighty five (85) SCGM Shares held after the Acquisition.

Proforma III: Public Issue

Assumed after Proforma II and Public Issue of 12,000,000 new SCGM Shares at an issue price of RM0.78 per SCGM Share to the Malaysian Public, eligible Directors, employees and other persons who have contributed to the success of the SCGM Group and selected investors by way of private placement.

The listing expenses are estimated at RM1.6 million and will be set off against the share premium account.

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(ii) PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)

2. (cont'd)

Proforma IV: Utilisation of Proceeds from Rights Issue and Public Issue.

Assumed after Proforma III and utilisation of proceeds from Rights Issue and Public Issue.

The gross proceeds arising from the Rights Issue and Public Issue amounting to RM12,932,000 are expected to be fully utilised for the core business of SCGM Group in the following manner:-

	RM'000
Capital expenditure	3,165
Repayment of bank borrowings	5,000
Working capital	3,167
Listing expenses	1,600
	12,932

3. The movement of the issued and paid-up share capital of SCGM Group is as follows:-

	RM
At 31 October 2007	1,000
Acquisition	30,427,000
As per Proforma I	30,428,000
Rights Issue	3,572,000
As per Proforma II	34,000,000
Public Issue	6,000,000
As per Proforma III and IV	40,000,000

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(ii) PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)

4. The movement of the share premium account is as follows:-

	RM
At 31 October 2007	-
Acquisition	-
As per Proforma I	-
Rights Issue	-
As per Proforma II	-
Public Issue	3,360,000
As per Proforma III	3,360,000
Listing expenses	(1,600,000)
As per Proforma IV	1,760,000

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(iii) STATEMENT OF ASSETS AND LIABILITIES

The following is a proforma group statement of assets and liabilities of SCGM Group prepared based on the audited financial statements of SCGM and LSSPI as at 31 October 2007.

The proforma group statement of assets and liabilities is prepared for illustrative purpose only, to show the effects of all the transactions stated in Note 4 to the statement of assets and liabilities. The statement should be read in conjunction with the notes thereto.

	Note	Proforma Group RM
NON-CURRENT ASSETS		
Property, plant and equipment	5	24,772,581
Investment property	6	530,000
Prepaid land lease payments	7	185,019
Total non-current assets		25,487,600
CURRENT ASSETS		
Inventories	8	10,619,514
Receivables	9	18,293,256
Fixed deposit with licensed banks		96,648
Cash and bank balances		751,557
Total current assets		29,760,975
CURRENT LIABILITIES		
Payables	10	7,106,893
Borrowings	11	2,662,585
Deferred income - government grants	12	43,496
Dividend payable	13	672,431
Total current liabilities		10,485,405
NET CURRENT ASSETS		19,275,570
		44,763,170

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(iii) STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

	Note	Proforma Group RM
SHARE CAPITAL	14	40,000,000
SHARE PREMIUM	15	1,760,000
ACCUMULATED LOSS		(4,379)
SHAREHOLDERS' EQUITY		41,755,621
NON-CURRENT LIABILITIES		
Borrowings	11	479,326
Deferred income - government grant	12	198,036
Deferred taxation	16	1,689,000
Finance creditors	17	641,187
		44,763,170

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SCGM BHD
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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group have been prepared in accordance with the applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

2. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within policies that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policies in respect of the major areas of treasury activity are set out as follows:-

(a) Foreign currency risk

The Group is not exposed to significant foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia.

The Group incurs foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollars and Singapore Dollars.

There is no formal hedging policy with respect to foreign exposure. Exposure to currency risk is monitored on an ongoing basis and the Group endeavors to keep the net exposure at an acceptable level.

(b) Interest rate risk

The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

2. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Credit risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. An internal credit review is conducted if the credit risk is material.

(d) Market risk

For key product purchases, the Group establishes floating and fixed price levels that the Group considers acceptable and enters into physical supply agreements, where necessary, to achieve these levels. The Group does not face significant exposure from the risk of changes in debts and equity prices.

(e) Liquidity and cash flow risks

The Group seeks to achieve a balance between certainty of funding even in difficult times for the markets or the Group and a flexible, cost-effective borrowing structure. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and refinance.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention

The financial statements of the Group are prepared under the historical cost convention, unless otherwise indicated in the other significant accounting policies.

The functional currency of the Group is Ringgit Malaysia (RM).

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(b) Adoption of new and revised Financial Reporting Standards ("FRS")

The following applicable FRSs have been adopted by the Group effective for financial period beginning on or after 1 May 2007:-

(i) FRSs that are mandatory for financial periods beginning on or after 1 October 2006:-

(a) FRS 117 - Leases
(b) FRS 124 - Related Party Disclosures

(ii) FRSs and amendments that are mandatory for financial periods beginning on or after 1 January 2007:-

(a) FRS 6 - Exploration for and Evaluation of Mineral Resources

FRS 6 is not relevant to the Group's operations.

(b) Amendment to FRS 119_{2004}: Employee Benefits

- Actuarial Gains and Losses, Group Plans and Disclosures

Amendment to FRS119_{2004} is not relevant to the Group's operations.

(iii) The amendments to published standards, Interpretation Committee ("IC") Interpretations to existing standards and new revised FRSs effective for the Group for the financial period beginning on or after 1 July 2007 are as follows:-

1)	Amendment to FRS 121	- The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
2)	IC Interpretation 1	- Changes in Existing Decommissioning, Restoration and Similar Liabilities
3)	IC Interpretation 2	- Member's Shares in Co-operative Entities and Similar Instruments

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Adoption of new and revised Financial Reporting Standards ("FRS") (cont'd)

(iii) Cont'd

4)	IC Interpretation 5	- Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
5)	IC Interpretation 6	- Liabilities arising from Participating in a Specific Market – Waste Electrical and Electrical and Electronic Equipment
6)	IC Interpretation 7	- Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economics
7)	IC Interpretation 8	- Scope of FRS 2
8)	FRS 107	- Cash Flow Statements
9)	FRS 111	- Construction Contracts
10)	FRS 112	- Income Taxes
11)	FRS 118	- Revenue
12)	FRS 119	- Employee Benefits
13)	FRS 120	- Accounting for Government Grants and Disclosure of Government Assistance

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(b) Adoption of new and revised Financial Reporting Standards ("FRS") (cont'd)

(iii) Cont'd

14) FRS 126 - Accounting and Reporting by Retirement Benefits Plans

15) FRS 129 - Financial Reporting in Hyperinflationery Economics

16) FRS 137 - Provision, Contingent Liabilities and Contingent Assets

The Group have not early adopted the above Amendments, Interpretations and FRSs.

The above Interpretations and FRS 111, 126 and 129 are not applicable to the Group.

The initial application of the above Amendments and FRSs are not expected to have any material impact on the financial statements of the Group.

(iv) Deferred FRS 139 - Financial Instruments: Recognition and Measurement

The Malaysian Accounting Standards Board has yet to announce the effective date of this standard.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Adoption of new and revised Financial Reporting Standards ("FRS") (cont'd)

The adoption of FRS 124 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of FRS 117 - Leases are as follows:-

Prior to 1 May 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification or leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid land lease payments and is amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 May 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid land lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and certain comparatives have been restated.

(c) Significant Accounting Estimates and Judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Significant Accounting Estimates and Judgments (cont'd)

(i) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Income taxes

Significant judgment is involved in determining the Group-wide 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 recognised tax liabilities 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 difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful life. Management estimated the useful life of these assets to be within 5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Significant Accounting Estimates and Judgments (cont'd)

(ii) Critical judgement made in applying accounting policies

The following is the judgement made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of consolidation

The Group financial statements consolidate the audited financial statements of the Company and its subsidiary company, which have been prepared in accordance with the Group's accounting policies.

All intercompany transactions, balances and unrealised gains on transactions between group of companies are eliminated; unrealised losses are also eliminated on consolidation unless cost cannot be recovered.

The financial statements of the Company and its subsidiary company are all drawn up to the same reporting date.

Acquisition of subsidiary company is accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income on the date of acquisition.

Subsidiary companies are consolidated using the acquisition method of accounting from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised or unimpaired balance of goodwill on acquisition and exchange differences.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses.

Depreciation is provided on the straight line method in order to write-off each asset over its estimated useful life. Plant and machinery under construction is not depreciated until it is completed and ready for commercial utilisation.

The principal annual depreciation rates used are as follows:-

Buildings	2%
Factory equipment	10%
Plant and machinery	10%
Fire and electrical installation	10%
Fire extinguishers	10%
Moulds	20%
Signboards	10%
Air-conditioners	10%
Mobile phones	10%
Computers	20%
Motor vehicles	20%
Furniture and fittings	10%
Office equipment	10%

Freehold land is not depreciated.

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment (cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year 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 items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the financial year in which the asset is derecognised.

(f) Subsidiary company

A subsidiary company is a company in which the Company or the Group either directly or indirectly owns a power to govern its financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary company is stated at cost in the Company's financial statements. Where an indication of impairment exists, the carrying amount of the subsidiary company is assessed and written down immediately to their recoverable amount.

(g) Leases

The up-front payments made for the leasehold land represents prepaid land lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Prior to 1 May 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

Upon the adoption of FRS 117 at 1 May 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid land lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and certain comparative amounts as at 30 April 2007 have been restated.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants relating to expenditure on property, plant and equipment are credited to the income statement on the straight line basis over the expected useful lives of the related property, plant and equipment. Government grants used for financial support, assistance or to reimburse costs incurred by the Group are recognised in the income statement of the period in which they become receivable.

(i) Investment properties

Investment properties consist of land and building held for capital appreciation or rental purpose and not occupied or only an insignificant portion is occupied for use or in the operations of the Group. Investment properties are treated as long-term investments and are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gain or losses arising from changes in the fair values of investment properties are included in the income statement in the financial year in which they arise.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the income statement in the financial year of retirement or disposal.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Inventories

Inventories are stated at the lower of cost and net realisable value, determined on the first-in-first-out method. Cost of raw materials includes the original cost of purchase plus the incidental cost incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods includes cost of materials, direct labour and an appropriate proportion of production overheads. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Allowance is made for damaged, obsolete and slow-moving inventories.

(k) Deferred tax liabilities and assets

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences at the balance sheet date between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Assets acquired under hire-purchase and lease arrangements

The cost of property, plant and equipment acquired under hire purchase and finance lease arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised. The depreciation policy on these assets is similar to that of the Group's property, plant and equipment depreciation policy. Outstanding obligation due under hire purchase and finance lease arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on hire purchase and finance lease arrangements are allocated to income statement over the period of the respective agreements.

(m) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An allowance is made for doubtful debts based on a review of all outstanding amounts at the financial year end.

(n) Foreign currency transactions and balances

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the date of transaction. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at balance sheet date.

Gains and losses from conversion of shot term assets and liabilities, whether realised or unrealised, are included in income statement as they arise.

All other foreign exchange differences are taken to the income statement in the financial year in which they arise.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Revenue recognition

Revenue from sale of goods is recognised when the goods are delivered.

Other revenues are recognised on the following bases:-

i) Interest on bank fixed deposits is recognised on time proportion basis.

ii) Rental income is recognised when the rent is due.

(p) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

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.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(p) Impairment of assets (cont'd)

An impairment loss is recognised as an expense in the income statement immediately.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

All reversals of impairment losses are recognised as income immediately in the income statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

(q) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(r) Interest-bearing borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are recognised as expenses in the income statement in the period in which they are incurred.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in the income statement as incurred. As required by law, the Group made such contributions to the Employee Provident Fund ("EPF").

(t) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, short term demand deposits and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the balance sheet, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the balance sheet date are classified as non-current asset.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. SCHEME

Flotation Exercise

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of SCGM, SCGM Group undertook the flotation exercise that was approved by the Securities Commission ("SC") on 14 November 2007. The flotation exercise involves the following:-

(i) **Acquisition**

Acquisition of the entire issued and paid up share capital of LSSPI comprising 2,200,000 ordinary shares of RM1.00 each for a consideration of RM30,427,000 to be satisfied by the issuance of 60,854,000 SCGM Shares at par.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

4. SCHEME (CONT'D)

Flotation Exercise (cont'd)

(ii) **Rights Issue**

Rights Issue of 7,144,000 new ordinary shares of RM0.50 each in SCGM at an issue price of RM0.50 each to the existing shareholders of SCGM on the basis of approximately ten (10) new ordinary shares of RM0.50 each in SCGM for every eighty five (85) SCGM Shares held after the Acquisition.

(iii) **Public Issue**

Public Issue of 12,000,000 new SCGM Shares at an issue price of RM0.78 per SCGM Share to the Malaysian Public, eligible Directors, employees and other persons who have contributed to the success of SCGM Group and selected investors by way of private placement.

The allocation of the Public Issue is as follows:-

(a) 6,000,000 new SCGM Shares representing 7.50% of the enlarged issued and paid-up share capital of SCGM will be made available for application by the Malaysian public to be allocated via ballot, of which 30% will be set aside for Bumiputera investors;

(b) 4,500,000 new SCGM Shares representing approximately 5.62% of the enlarged issued and paid-up share capital of SCGM will be made available for application by the eligible Directors, employees and other persons who have contributed to the success of the SCGM Group; and

(c) 1,500,000 new SCGM Shares representing approximately 1.88% of the enlarged issued and paid-up share capital of SCGM will be made available for application by way of private placement to selected investors.

(iv) **Offer for Sale**

The Offerors shall offer for sale of 24,000,000 SCGM Shares, representing 30% of the enlarged issued and paid-up share capital of SCGM at an offer price of RM0.78 each per SCGM Share to Bumiputera investors to be approved by the Ministry of International Trade and Industry ("MITI").

[Public Issue and Offer for Sales are collectively referred as Initial Public Offer].

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

4. SCHEME (CONT'D)

Flotation Exercise (cont'd)

(v) **Share Transfer**

The Promoters will transfer a portion of their Shares amounting to 24,000,000 SCGM Shares to SCGM Lee Sdn Bhd ("SLSB") for a total consideration of RM12.00 million to be satisfied via the issuance of 1,000 ordinary shares of RM1.00 each in SLSB and the balance of RM11.999 million will remain as amount owing from SLSB to the Promoters.

(vi) **Listing and Quotation on the Second Board of Bursa Securities**

In conjunction with the Flotation Exercise, SCGM seeks the admission and the listing of and quotation for its entire enlarged issued and paid-up share capital of SCGM comprising 80,000,000 SCGM Shares on the Official List of the Second Board of the Bursa Securities.

The gross proceeds arising from the Rights Issue and Public Issue amounting to RM12,932,000 are expected to be fully utilised for the core business of SCGM Group in the following manner:-

	RM'000
Capital expenditure	3,165
Repayment of bank borrowings:-	
- Term loan	4,000
- Finance creditor	1,000
Working capital	3,167
Listing expenses	1,600
	12,932

The listing expenses are estimated at RM1,600,000 and will be set off against the share premium account.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

	Land and building RM	Equipment, plant and machinery RM	Motor vehicle RM	Furniture, fittings and others RM	Total RM
Proforma Group					
Cost					
Addition through acquisition of subsidiary company	9,657,060	18,072,543	2,833,098	1,401,140	31,963,841
Additions (Note 4 (vi))	-	3,088,000	77,000	-	3,165,000
Carried forward	9,657,060	21,160,543	2,910,098	1,401,140	35,128,841
Accumulated depreciation					
Addition through acquisition of subsidiary company	961,730	6,623,605	2,086,873	684,052	10,356,260
Carried forward	961,730	6,623,605	2,086,873	684,052	10,356,260
Net carrying amount	8,695,330	14,536,938	823,225	717,088	24,772,581

The net book value of property, plant and equipment which are acquired under hire purchase and finance lease arrangements amounted to RM6,295,349.

The net book value of property, plant and equipment pledged to secure the borrowings granted to the Group amounted to RM7,240,591.

6. INVESTMENT PROPERTIES

	Proforma Group RM
Fair value:-	
Addition through acquisition of subsidiary company	530,000

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

6. INVESTMENT PROPERTIES (CONT'D)

The investment properties are valued annually at fair value, comprising market value, by an independent professionally qualified valuer.

The market value is defined as the estimated amount for which an asset should exchange on the date of valuation between a wiling 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.

7. PREPAID LAND LEASE PAYMENTS

	Proforma Group RM
Addition through acquisition of subsidiary company/Carried forward	185,019
Analysed as:	
Long term leasehold land	185,019

The leasehold land is amortised over the leasehold period of 99 years. The above prepaid land lease payments are pledged to the bank for banking facilities granted to the Group.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

8. INVENTORIES

	Proforma Group RM
At cost:-	
Raw materials	8,835,062
Work-in-progress	392,316
Finished goods	1,412,965
	10,640,343
Less: Allowance for slow moving inventories	(20,829)
	10,619,514

9. RECEIVABLES

	Proforma Group RM
Amount due from a company connected with the Directors	648,972
Trade receivables	16,011,988
	16,660,960
Less: Allowance for doubtful debts	(500,803)
	16,160,157
Tax recoverable	71,131
Government grant receivable	153,648
Non-trade receivables	231
Advances to contract manufacturer	954,491
Deposits	10,845
Prepayments	271,884
Prepayment for listing expenses	670,869
	2,133,099
	18,293,256

The trade receivables comprise amounts receivable from sale of goods. The credit term granted on sales of goods ranged from 30 days to 90 days. Allowance has been made for estimated irrecoverable of trade receivables based on default experience of the Group.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

10. PAYABLES

	Proforma Group RM
Trade payables	3,215,303
Other payables	2,984,261
Accrual of expenses	907,329
	7,106,893

Trade payables comprise amounts outstanding for trade purchases. The credit terms granted to the Group ranged from 30 days to 90 days.

11. BORROWINGS

	Proforma Group RM
Secured	
Current	
Term loan	920,585
Bankers acceptance	1,742,000
	2,662,585
Non-current	
Term loan	4,479,326
Less: Repayment of term loan (Note 4 (vi))	(4,000,000)
	479,326
	3,141,911

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

11. BORROWINGS (CONT'D)

The term loan is repayable by monthly instalments and bears interest at rates ranging from 5.80% to 5.85% per annum.

The bankers acceptance bears interest at rates ranging from 3.64% to 3.73% per annum.

The above borrowings are secured against certain Group's freehold and leasehold land and buildings and jointly and severally guaranteed by all the Directors of the Group.

12. DEFERRED INCOME - GOVERNMENT GRANT

	Proforma Group RM
Addition through acquisition of subsidiary company/Carried forward	241,532
Analysed as:-	
Amortised within 12 months	43,496
Amortised after 12 moths	198,036
	241,532

13. DIVIDEND PAYABLE

	Proforma Group RM
Addition through acquisition of subsidiary company	4,244,431
Less: Dividend payment pursuant to the Rights Issue (Note 4(ii))	(3,572,000)
Carried forward	672,431

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

14. SHARE CAPITAL

	Proforma Group RM
Issued and fully paid:-	
Ordinary shares of RM0.50 each	
As at 31 October 2007	1,000
Issued pursuant to acquisition of subsidiary company	30,427,000
Issued pursuant to the Rights issue	3,572,000
To be issued pursuant to the Public issue	6,000,000
	40,000,000

15. SHARE PREMIUM

	Proforma Group RM
12,000,000 shares of RM0.50 each issued pursuant to the Public Issue at an issue price of RM0.78 per share	3,360,000
Less: Repayment of listing expenses (Note 4(vi))	(1,600,000)
	1,760,000

16. DEFERRED TAXATION

	Proforma Group RM
Addition through acquisition of subsidiary company/Carried forward	1,689,000

The deferred tax liabilities are in respect of the followings:-

	Proforma Group RM
Tax effects of temporary differences arising from:-	
Carrying amount of qualifying property, plant and equipment in excess of their tax base	1,689,000

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

17. FINANCE CREDITORS

	Proforma Group RM
Finance creditors	3,555,490
Interest in suspense	(335,795)
	3,219,695
Less: Repayment of finance creditor (Note 4 (vi))	(1,000,000)
Present value of finance creditors	2,219,695
Analysed as:	
Present value payable within 1 year	1,578,508
Present value payable after 1 year but not later than 5 years	1,641,187
Less: Repayment of finance creditors (Note 4 (vi))	(1,000,000)
	641,187
Present value of finance creditors	2,219,695

18. SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

There are no significant events subsequent to the balance sheet date other than the approval obtained from the SC, completion of acquisition and completion of rights issue as mentioned in Note 4.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

19. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, are as follows:-

	Less than 1 year RM	1 to 5 years RM	Total RM	Effective weighted average interest rates during the financial year
Financial asset				
Fixed deposits with licensed bank	96,648	-	96,648	4.00%
Financial liability				
Finance creditors	1,578,508	641,187	2,219,695	2.43% - 4.60%
Bankers acceptance	1,742,000	-	1,742,000	3.64% -3.73%
Term loan	920,585	479,326	1,399,911	5.80% - 5.85%

(b) Credit risk

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

The Group has no significant concentration of credit risk with any single counterparty.

(c) Fair values

The carrying amounts of all financial assets and liabilities of the Group as at the balance sheet date approximated their fair values.

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NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

20. NET TANGIBLE ASSETS PER ORDINARY SHARE

Based on the proforma group statement of assets and liabilities of SCGM Group as at 31 October 2007, the proforma net tangible assets ("NTA") per ordinary share is calculated as follows:-

	Proforma Group
Proforma NTA as per group statement of assets and liabilities (RM)	41,755,621
Total number of fully issued and paid-up ordinary share of RM0.50 each	80,000,000
Proforma NTA per ordinary share of RM0.50 each (sen)	52.19

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(iv) PROFORMA CONSOLIDATED CASH FLOW STATEMENT

The following is the proforma consolidated cash flow statement of SCGM Group prepared for illustrative purpose based on the audited financial statements of SCGM and LSSPI for the six months financial period ended 31 October 2007 assuming that SCGM Group has been existence throughout the financial period under review.

Period ended	Note	31/10/2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		5,210,287
Adjustments for:-		
Allowance for doubtful debts		40,904
Allowance for slow moving inventories		16,896
Amortisation of prepaid land lease payments		1,094
Depreciation		1,218,844
Interest expenses		314,275
Amortisation of deferred income-government grant		(21,748)
Allowance for doubtful debts no longer required		(80,276)
Fair value adjustment for investment properties		(30,000)
Interest income		(1,950)
Unrealised gain on foreign exchange		(133,543)
Operating profit before working capital changes		6,534,783
Changes in working capital:-		
Inventories		(386,859)
Receivables		(4,348,881)
Payables		1,433,514
Bill payables		346,000
Cash generated from operations		3,578,557
Interest received		1,950
Interest paid		(314,275)
Tax paid		(629,165)
Net cash from operating activities		2,637,067

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(iv) PROFORMA CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

Period ended	Note	31/10/2007 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	A	(1,164,304)
Net cash used in investing activities		(1,164,304)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from issuance of shares		1,000
Repayment of hire purchase creditors		(1,017,423)
Repayment of term loan		(425,928)
Net cash from financing activities		(1,442,351)
CASH AND CASH EQUIVALENTS		
Net changes		30,412
Brought forward		1,222,793
Carried forward	B	1,253,205

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(iv) PROFORMA CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED CASH FLOW STATEMENT

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The Company acquired property, plant and equipment with an aggregate cost of RM1,601,168 of which RM436,864 was acquired by means of hire purchase. Cash payment of RM1,164,304 was made to purchase the property, plant and equipment.

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following balance sheets amounts:-

Period ended	31/10/2007 RM
Cash and cash balances	1,156,557
Fixed deposits with licensed bank	96,648
	1,253,205

C. The Proforma Consolidated Cash Flow Statement has been prepared based on the audited financial statements of SCGM and LSSPI as at 31 October 2007.

D. The Proforma Consolidated Cash Flow Statement has been prepared based on accounting principles and basis consistent with those normally adopted in the preparation of audited financial statements of SCGM Group.

END OF THE REPORT

11.18 Trade Receivables Ageing Analysis as at 31 October 2007

Our trade receivables mainly comprise of our customers for thermo-vacuum formed plastic products as well as for extrusion sheets. Our Group's normal credit period is between 30 to 90 days. However, we may at our discretion extend the credit period on a case to case basis. The following is the ageing analysis of our Group's trade receivables as of 31 October 2007, which amounted to RM16.66 million and subsequent collection up to 31 December 2007.

	Trade receivables ageing analysis								
	Within credit period			Exceeding credit period					
	0-30 days	31-60 days	61-90 days	91-180 days	181-365 days	> 365 days	Total	Provision for doubtful debts	As at 31 October 2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 October 2007	5,453	3,824	3,920	2,916	88	460	16,661	(501)	16,160
Less: Settlement subsequent to 31 October 2007 and up to 31 December 2007	(1,813)	(2,097)	(3,264)	(1,940)	(47)	-	(9,161)	-	(9,161)
Balance	**3,640**	**1,727**	**656**	**976**	**41**	**460**	**7,500**	**(501)**	**6,999**

As at 31 October 2007, our trade receivables that had exceeded the normal credit period of 90 days amounted to approximately RM3.46 million (representing approximately 20.79% of the total trade receivables). Of this amount, approximately RM1.99 million (representing 57.36% of the total trade receivables that has exceeded the credit period) have been collected up to 31 December 2007. Our Directors had made full provision on balance exceeding 180 days or 6 months, except for RM47,080 for the period 181-365 days, which had been subsequently collected as at 31 December 2007. For the period of 91-180 days, approximately 66.53% of the outstanding balance had been collected. Our Directors are confident that the balance trade receivables exceeding the normal credit period of 90 days which is outstanding as at 31 October 2007 (but not provided for) amounting to approximately RM0.98 million are recoverable based on the past payment history of the debtors and their progress settlement made to-date.

Save as disclosed in Section 15.4 of this Prospectus, there are no overdue trade debtors which are in dispute or legal action.

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