

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
For The Financial Quarter Ended 31 January 2015
(Unaudited)

Part A-Explanatory Notes Pursuant to MFRS 134

1 Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with the reporting requirements outlined in the Malaysian Financial Reporting Standard ("MFRS") No.134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), and Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The significant accounting policies and methods of computation adopted in the preparation of this interim financial statements are consistent with those adopted in the audited financial statements for the year ended 30 April 2014. In the previous years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 April 2014 and the accompanying explanatory notes attached to this interim financial report. The transition to MFRSs does not have financial impact to the opening statements of financial position of the Group and the Company as at 1 May 2011.

MFRSs, and Amendments to MFRSs Issued but Not Effective

At the date of issuance of this quarterly report, the MFRSs, and amendments to MFRSs which were in issue but not yet effective are as listed below:

Amendments to MFRS and IC effective on 1 January 2014 :

MFRS 10, 12 and 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements: Investment Entities
MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
MFRS 136	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
MFRS 139	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Amendments effective for annual periods beginning 1 July 2014 :

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011 – 2013 Cycle)
MFRS 2	Share-based Payment (Annual Improvements 2010 – 2012 Cycle)
MFRS 3	Business Combinations (Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle)
MFRS 8	Operating Segments (Annual Improvements 2010 – 2012 Cycle)
MFRS 13	Fair Value Measurement (Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle)
MFRS 116	Property, Plant and Equipment (Annual Improvements 2010 – 2012 Cycle)
MFRS 119	Employee Benefits – Defined Benefit Plans: Employee Contributions
MFRS 124	Related Party Disclosures (Annual Improvements 2010 – 2012 Cycle)
MFRS 138	Intangible Assets (Annual Improvements 2010 – 2012 Cycle)
MFRS 140	Investment Property (Annual Improvements 2011 – 2013 Cycle)

MFRSs effective on 1 January 2015 :

MFRS 7	Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)

2 Auditors' Reports on Preceding Annual Financial Statements

The auditors' reports for the immediate preceding annual financial statements for the financial year ended 30 April 2014 were not subject to any qualification.

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Notes To The Interim Report
For The Financial Quarter Ended 31 January 2015
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3 Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by seasonal or cyclical factors during the current quarter under review.

4 Unusual Significant Items

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

5 Changes in Estimates

There were no changes in estimates of amounts reported in the prior financial years that have a material effect in the current quarter and year-to-date results.

6 Changes in Debt and Equity Securities

There have been no issuances, cancellations, repurchases, resale and repayments of debt and equity securities, shares held as treasury shares and resale of treasury shares for current quarter and financial year-to-date.

7 Dividend Paid

The second interim tax-exempt dividend of 5.0 cents per ordinary share for the financial year ending 30 April 2015 was approved by the Board of Directors and paid on 21 January 2015.

8 Segmental Reporting

Detailed segmental reporting is not provided as the the Group's primary business segments is principally engaged in the manufacturing and trading of plastic and its operation is principally located in Malaysia. For the financial year-to-date, export sales amounted to RM37.5 million and local sales amounted to RM43.3 million.

9 Valuation of Property, Plant and Equipment

There was no valuation of the property, plant and equipment in the current quarter under review.

10 Material Subsequent Events

There were no material events subsequent to 31 January 2015 up to latest practicable date, 11 March 2015 that have not been reflected in the financial statements for the current quarter and financial year-to-date.

11 Changes in the Composition of the Group

There were no changes in the composition of the Group in the current quarter and financial year-to-date.

12 Contingent Liabilities

There were no material contingent liabilities to be disclosed as at the date of this report.

13 Capital Commitments

Capital expenditure of RM8.720 million comprised of Construction Work-in-Progress valued at RM1.474 million and Equipment, plant and machinery valued at RM7.246 million were contracted for and delivered as at 31 January 2015.

14 Cash and Cash Equivalents

	As at 31/01/2015
	RM'000
Cash & cash balances	6,096
Fixed deposits with licensed bank	689
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	6,785
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PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

1 Review of performance

For the current quarter performance, the Group recorded a Sales Turnover of RM27.364 million which was 10.6% higher than the preceding year's corresponding quarter Sales Turnover of RM24.745 million. The Profit before Tax of RM4.898 million was 15.2% higher than the RM4.253 million recorded in the preceding year's corresponding quarter. The sales performance was commendable as it was reasonable increase compared to previous year's performance despite a challenging external environment. Aggressive marketing for new customers helped. There seems to be an emerging trend whereby developed countries look to the Asean market for lower-cost quality producers to meet their flexible packaging needs. The Profit before Tax for the current quarter was even more commendable compared to previous year's performance due to Input cost such as fuel cost which impacts on margins had trended downwards in the current quarter of the financial year compared to the preceding quarter as world commodity prices trended downwards. Foreign exchange gains as a result of a stronger U.S. dollar had an impact on export sales.

2 Variation of Results Against Preceding Quarter

The current quarter Group's profit before tax of RM4.898 million was 19.8% higher than the profit before tax of RM4.089 million recorded in the preceding quarter which was very commendable. Input cost such as fuel cost which impacts on margins was fairly stable in the current quarter of the financial year compared to the preceding quarter as construction work in progress are at its tail end. Foreign exchange gains as a result of a stronger U.S. dollar had an impact on export sales.

The current quarter Sales Turnover of RM27.364 million as compared to the preceding quarter ended 31 July 2014 Sales Turnover of RM26.124 million was marginally higher by 4.7%. This quarter sales performance improvement is in line with improve demand from the general Asian and Australian markets. The big festival like Chinese New Year in February 2015 had boosted sales in the current quarter to January 2015.

3 Prospects

The Board of Directors is of the opinion that for the financial year ending 30 April 2015, the financial results can be improved and profit margins can be maintained. The Board is confident that the sales turnover for the new financial year will be improved as it continuously source for new customers from overseas and domestically to sustain its growth. There is also an emerging trend whereby developed countries look to the Asean market for lower-cost quality producers to meet their flexible packaging needs. The new product line, namely plastic cups, has started production in March 2015 and is expected to boost sales marginally for financial year 2015.

Prices of key raw materials has stabilised in the current year which will contribute to the input cost being stable. However, input such as power is expected to have some impact on the margins in 2015. As such, we are expecting the profits to be at least maintained going forward to the next quarter as the global economy is expected to recover gradually. Marketing expansion plans for the overseas markets is continuing, particularly, to Asia and Australia. The new product line, plastic cups, will also help to support profit margins. In view of the improved profit margins, the Group has decided to pay dividend every quarter.

4 Variance of Profit Forecast/Profit Guarantee

There was no profit forecast or profit guarantee given in respect of the current period.

5 Taxation

	Current Quarter Ended 31/01/2015 RM'000	Current YTD Ended 31/01/2015 RM'000
Current Tax Expense	1,050	3,150
Deferred Tax Expense	0	0

6 Quoted Securities

There were no purchases or disposals of quoted securities during the current quarter and financial year-to-date.

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
For The Financial Quarter Ended 31 January 2015
(Unaudited)

7 Borrowings and Debt Securities

The Group's Borrowings as at 31 January 2015 are as follows:-

	Current RM'000	Non-Current RM'000	Total RM'000
Unsecured	-	-	-
Secured			
Revolving Credit	1,005	-	1,005
Hire purchase creditors	1,280	245	1,525
Term loans	0	-	0
	2,285	245	2,530
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8 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at the date of this report.

9 Material Litigation

As at the date of this announcement, there are no material litigations against the Group or taken by the Group.

10 Dividend Proposed

The Board proposed a third interim tax exempt dividend of 2.0 sen per ordinary share for the financial year ending 30 April 2015 to be paid on 12 April 2015.

11 Earnings Per Share

	Current QTR Ended 31/01/15	Preceding QTR Ended 31/01/14	Cumulative YTD Ended 31/01/15	Preceding YTD Ended 31/01/14
Basic Earnings Per Share				
Profit attributable to equity holders of the parent (RM'000)	3,848	3,279	10,430	9,016
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	4.81	4.10	13.04	11.27

12 Realised and Unrealised Retained Earnings

	Unaudited As at 31 January 2015 RM'000	Audited As at 30 April 2014 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised profit/(loss)	60,107	58,627
- Unrealised profit/(loss)	(0)	(950)
Retained profits (exclude merger deficit)	60,107	57,677

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Notes To The Interim Report
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13 Profit before tax

Profit before tax is arrived at after charging/(crediting) the following items:-

	3 months ended 31.01.2015 RM'000	Year to date 31.01.2015 RM'000
(a) Interest income	(16)	(116)
(b) Foreign exchange (gain)/loss	(116)	(235)
(c) Interest expense	36	118
(d) Depreciation and amortization	1,214	3,535
(e) Bad debts written off	0	424

14 Corporate Proposal

There were no corporate proposals announced as at the date of this quarterly report.