

**SCGM Bhd (Company no: 779028-H )**  
**Notes To The Interim Report**  
**For The Financial Quarter Ended 30 April 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 Malaysian Financial Reporting Standards ("MFRSs").

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.

**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 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.

**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.

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**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 third interim tax-exempt dividend of 2.0 cents per ordinary share for the financial year ending 30 April 2015 was approved by the Board of Directors and paid on 17 April 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 RM49.3 million and local sales amounted to RM57.3 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 30 April 2015 up to latest practicable date, 10 June 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 RM16.083 million comprised of Land & Buildings valued at RM4.739 million and Equipment, plant and machinery valued at RM11.344 million were contracted for and delivered as at 30 April 2015.

**14 Cash and Cash Equivalents**

	<b>As at 30/04/2015</b> <b>RM'000</b>
Cash & cash balances	5,309
Fixed deposits with licensed bank	694
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	6,003
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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 RM25.869 million which was 8.8% higher than the preceding year's corresponding quarter Sales Turnover of RM23.785 million. The Profit before Tax of RM5.137 million was 27.8% higher than the RM4.020 million recorded in the preceding year's corresponding quarter. The sales performance was commendable as it was a 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 very 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 RM5.137 million was 4.9% marginally higher than the profit before tax of RM4.898 million recorded in the preceding quarter which was 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 RM25.869 million as compared to the preceding quarter ended 31 July 2014 Sales Turnover of RM27.364 million was marginally lower by 5.8%. This quarter sales performance is in line with slight slowdown demand from the general Asian and Australian markets. The big festival like Chinese New Year in February 2015 had boosted sales in the previous quarter to January 2015.

**3 Prospects**

The Board of Directors is of the opinion that for the financial year ending 30 April 2016, 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 June 2015 and is expected to boost sales marginally for financial year 2016.

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**

	<b>Current Quarter Ended 30/04/2015 RM'000</b>	<b>Current YTD Ended 30/04/2015 RM'000</b>
Current Tax Expense	1,050	4,200
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.

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**7 Borrowings and Debt Securities**

The Group's Borrowings as at 30 April 2015 are as follows:-

	Current RM'000	Non-Current RM'000	Total RM'000
<b>Unsecured</b>	-	-	-
<b>Secured</b>			
Hire purchase creditors	1,545	2,328	3,873
	1,545	2,328	3,873
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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 first interim tax exempt dividend of 5.0 sen per ordinary share for the financial year ending 30 April 2016 to be paid on 15 July 2015.

**11 Earnings Per Share**

	Current QTR Ended 30/04/15	Preceding QTR Ended 30/04/14	Cumulative YTD Ended 30/04/15	Preceding YTD Ended 30/04/14
<b>Basic Earnings Per Share</b>				
Profit attributable to equity holders of the parent (RM'000)	5,137	2,514	15,653	11,530
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	6.42	3.14	19.57	14.41

**12 Realised and Unrealised Retained Earnings**

	Unaudited As at 30 April 2015 RM'000	Audited As at 30 April 2014 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised profit/(loss)	58,291	58,627
- Unrealised profit/(loss)	(79)	(950)
Retained profits (exclude merger deficit)	<u>58,212</u>	<u>57,677</u>

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**13 Profit before tax**

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

	<b>3 months ended 30.04.2015 RM'000</b>	<b>Year to date 30.04.2015 RM'000</b>
(a) Interest income	(10)	(127)
(b) Foreign exchange (gain)/loss	(217)	18
(c) Interest expense	21	139
(d) Depreciation and amortization	1,389	4,924
(e) Bad debts written off	206	625

**14 Corporate Proposal**

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