

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

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

**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 first interim tax-exempt dividend of 5.0 cents per ordinary share for the financial year ending 30 April 2016 was approved by the Board of Directors and paid on 15 July 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 RM13.7 million and local sales amounted to RM16.0 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 July 2015 up to latest practicable date, 11 July 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 RM1.997 million comprised of Land & Buildings valued at RM0.033 million and Equipment, plant and machinery valued at RM1.964 million were contracted for and delivered as at 31 July 2015.

**14 Cash and Cash Equivalents**

**As at 31/07/2015**  
**RM'000**

|                                   |       |
|-----------------------------------|-------|
| Cash & cash balances              | 3,349 |
| Fixed deposits with licensed bank | 701   |
|                                   | <hr/> |
|                                   | 4,050 |
|                                   | ===== |

**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 RM29.637 million which was 8.7% higher than the preceding year's corresponding quarter Sales Turnover of RM27.276 million. The Profit before Tax of RM5.936 million was 29.2% higher than the RM4.593 million recorded in the preceding year's corresponding quarter. The sale of the new product line, plastic cups has some contribution to this quarter sales performance. The big festival like Hari Raya in July 2015 had boosted sales in the current quarter to July 2015. 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 RM5.936 million was 15.6% higher than the profit before tax of RM5.137 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. Foreign exchange gains as a result of a stronger U.S. dollar had an impact on export sales.

The current quarter Sales Turnover of RM29.637 million as compared to the preceding quarter ended 30 April 2015 Sales Turnover of RM25.869 million was higher by 14.6%. The sale of the new product line, plastic cups has some contribution to this quarter sales performance. The big festival like Hari Raya in July 2015 had boosted sales in the current quarter to July 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 the Group has recently invested RM12.0 million into new production facilities for a new product line, namely plastic cups, which has started production in June 2015. This can produce about 300 million cups a year and is expected to boost sales for financial year 2016.

Prices of key raw materials which has stabilised recently, may trend downwards for the new financial 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. 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<br/>Quarter<br/>Ended<br/>31/07/2015<br/>RM'000</b> | <b>Current<br/>YTD<br/>Ended<br/>31/07/2015<br/>RM'000</b> |
|----------------------|--|--|
| Current Tax Expense  | 1,050  | 1,050  |
| Deferred Tax Expense | 2,527  | 2,527  |

**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 July 2015**  
**(Unaudited)**

**7 Borrowings and Debt Securities**

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

|                         | Current<br>RM'000 | Non-Current<br>RM'000 | Total<br>RM'000 |
|-------------------------|-------------------|-----------------------|-----------------|
| <b>Unsecured</b>        | -                 | -                     | -               |
| Revolving Credit        | 4,513             | -                     | 4,513           |
| <b>Secured</b>          |                   |                       |                 |
| Hire purchase creditors | 1,547             | 3,205                 | 4,752           |
|                         | 6,060             | 3,205                 | 9,265           |
|                         | =====             |                       |                 |

**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 final single tier dividend of 4.0 sen per ordinary share for the financial year ended 30 April 2015 which was approved at the shareholders' meeting and to be paid on 18 September 2015.

**11 Earnings Per Share**

|  | Current<br>QTR<br>Ended<br>31/07/15 | Preceding<br>QTR<br>Ended<br>31/07/14 | Cumulative<br>YTD<br>Ended<br>31/07/15 | Preceding<br>YTD<br>Ended<br>31/07/14 |
|--|-------------------------------------|---------------------------------------|--|---------------------------------------|
| <b>Basic Earnings Per Share</b>                              |                                     |                                       |  |                                       |
| Profit attributable to equity holders of the parent (RM'000) | 4,886                               | 3,543                                 | 4,886                                  | 3,543                                 |
| Weighted average number of ordinary shares in issue ('000)   | 80,000                              | 80,000                                | 80,000                                 | 80,000                                |
| Basic earnings per share (sen)                               | 6.11                                | 4.43                                  | 6.11                                   | 4.43                                  |

**12 Realised and Unrealised Retained Earnings**

|  | Unaudited<br>As at<br>31 July<br>2015<br>RM'000 | Audited<br>As at<br>30 April<br>2015<br>RM'000 |
|--|---|--|
| Total retained profits of the Company and its subsidiaries |   |  |
| - Realised profit/(loss)                                   | 58,297  | 71,149   |
| - Unrealised profit/(loss)                                 | 0   | (1,715)  |
|  | 58,297  | 69,434   |
| Consolidation adjustments                                  | 0   | (11,500)                                       |
| Retained profits   | 58,297  | 57,934   |

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

**13 Profit before tax**

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

|                                   | <b>3 months<br/>ended<br/>31.07.2015<br/>RM'000</b> | <b>Year<br/>to date<br/>31.07.2015<br/>RM'000</b> |
|-----------------------------------|---|---|
| (a) Interest income               | (6)   | (6)   |
| (b) Foreign exchange (gain)/loss  | (155)   | (155)   |
| (c) Interest expense              | 63  | 63  |
| (d) Depreciation and amortization | 1,462   | 1,462   |

**14 Corporate Proposal**

On 25<sup>th</sup> June 2015, RHB Investment Bank Berhad announced that the Company had proposed to undertake a bonus issue of 40,000,000 new ordinary shares of RM0.50 each in SCGM ("SCGM Share(s)") ("Bonus Share(s)") to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing SCGM Shares held on an entitlement date to be determined later.

On 29<sup>th</sup> June 2015, RHB Investment Bank Berhad had announced that the application for the listing of and quotation for the new SCGM Shares to be credited pursuant to the Proposed Bonus Issue has been submitted to Bursa Malaysia Securities Berhad.

On 6<sup>th</sup> July 2015, RHB Investment Bank Berhad had announced that Bursa Securities had, vide its letter dated 6 July 2015, resolved to approve the listing of and quotation for 40,000,000 Bonus Shares on the Main Market of Bursa Securities. The approval granted by Bursa Securities is subject to the following conditions:

- (i) SCGM and its adviser must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Bonus Issue;
- (ii) SCGM and its adviser to inform Bursa Securities upon the completion of the Proposed Bonus Issue;
- (iii) SCGM to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed;
- (iv) SCGM to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at extraordinary general meeting for the Proposed Bonus Issue; and
- (iv) SCGM and its adviser are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a) & (b) and 6.35(4) of the Main LR.

A circular dated 14<sup>th</sup> July 2015 has been distributed to shareholders for the Extraordinary General Meeting held on 18<sup>th</sup> August 2015. The resolution for the Proposed Bonus Issue was duly approved.