

SCGM BHD - GROUP
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31ST JANUARY 2016

	<u>2016</u> QUARTER ENDED 31ST JAN RM'000 UNAUDITED	<u>2015</u> QUARTER ENDED 31ST JAN RM'000 UNAUDITED	<u>2016</u> CURRENT PERIOD TO DATE 31ST JAN RM'000 UNAUDITED	<u>2015</u> PRECEDING PERIOD TO DATE 31ST JAN RM'000 UNAUDITED
REVENUE	37,263	27,364	101,018	80,764
OPERATING EXPENSES	(29,106)	(22,562)	(82,258)	(67,417)
OTHER OPERATING INCOME	859	132	2,287	351
PROFIT FROM OPERATIONS	<u>9,016</u>	<u>4,934</u>	<u>21,047</u>	<u>13,698</u>
FINANCE COSTS	(135)	(36)	(387)	(118)
INVESTING RESULTS	-	-	-	-
PROFIT BEFORE TAX	<u>8,881</u>	<u>4,898</u>	<u>20,660</u>	<u>13,580</u>
TAXATION	(1,828)	(1,050)	(3,928)	(3,150)
PROFIT FOR THE PERIOD	<u><u>7,053</u></u>	<u><u>3,848</u></u>	<u><u>16,732</u></u>	<u><u>10,430</u></u>
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>7,053</u></u>	<u><u>3,848</u></u>	<u><u>16,732</u></u>	<u><u>10,430</u></u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO: EQUITY HOLDERS OF THE PARENT	<u><u>7,053</u></u>	<u><u>3,848</u></u>	<u><u>16,732</u></u>	<u><u>10,430</u></u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO: EQUITY HOLDERS OF THE PARENT	<u><u>7,053</u></u>	<u><u>3,848</u></u>	<u><u>16,732</u></u>	<u><u>10,430</u></u>
Earnings Per Share ("EPS")				
BASIC (SEN)	5.51	3.01*	13.64	8.51*
DILUTED (SEN)	N/A	N/A	N/A	N/A

*Comparative figures have been adjusted for issuance of shares via bonus issue and private placement to be comparable to the current period's presentation.

Notes:

The above should be read in conjunction with the Annual Report of the Company for the financial year ended 30 April 2015 and the accompanying notes attached to this interim financial report.

SCGM BHD - GROUP
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST JANUARY 2016

	As at 31st January 2016 (Unaudited)	As at 30th April 2015 (Audited)
	RM'000	RM'000
Non-current assets		
Property, Plant and Equipment	46,757	43,137
Prepaid land lease payments	167	169
	46,924	43,306
Current assets		
Inventories	17,335	14,831
Trade Receivables	35,234	25,159
Other Receivables	2,632	1,332
Financial assets designated At Fair Value Through Profit And Loss	20,078	-
Fixed deposit with licensed banks	126	694
Cash and bank balances	5,831	5,309
	81,236	47,325
Total Assets	128,160	90,631
Equity & Liabilities		
Equity attributable to owners of the parent		
Share Capital	66,000	40,000
Share Premium	27,227	3,937
Reverse Acquisition Reserve	(28,227)	(28,227)
Retained Profit	45,143	57,934
Total Equity	110,143	73,644
Non-current liabilities		
Deferred Taxation	2,527	2,527
Finance Lease Creditors	4,374	2,328
	6,901	4,855
Current liabilities		
Trade Payables	3,030	4,495
Other Payables And Accruals	4,424	5,117
Finance Lease Creditors	2,358	1,545
Borrowings	438	-
Tax Payable	866	975
	11,116	12,132
Total Liabilities	18,017	16,987
Total Equity and Liabilities	128,160	90,631
Net Assets Per Share (Sen)	83.44	92.06

Note:

The above should be read in conjunction with the Annual Report of the Company for the financial year ended 30 April 2015 and the accompanying notes attached to this interim financial report.

SCGM BHD - GROUP
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31ST JANUARY 2016

	2016 Current YTD 31st Jan Unaudited RM'000	2015 Preceding YTD 30th Apr Audited RM'000
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit Before Taxation	20,660	20,607
<i>Adjustments for :</i>		
Allowance for doubtful debts	-	4
Allowance for doubtful debts no longer required	-	(217)
Amortisation of prepaid land lease payments	2	2
Depreciation	4,498	4,922
Interest expenses	387	139
Interest income	(150)	(127)
Inventories written down	-	(15)
Gain on redemption on financial assets designated at fair value through profit and loss	(7)	-
Fair value loss on on financial assets designated at fair value through profit and loss	60	-
Gain on disposal of PPE	(15)	-
Unrealised loss (gain) on foreign exchange	583	(812)
	<u>26,018</u>	<u>24,503</u>
Net movement in working capital:		
Inventories	(2,504)	(2,560)
Receivables	(11,965)	(1,845)
Payables	(2,151)	5,047
CASH GENERATED FROM OPERATIONS	<u>9,398</u>	<u>25,145</u>
Income tax paid	(4,037)	(5,393)
Net cash flow from operating activities	<u>5,361</u>	<u>19,752</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of PPE	15	-
Interest received	19	127
Payments to acquire financial assets	(24,000)	-
Proceeds from redemption of financial assets	4,000	-
Purchase of property, plant and equipment	(8,118)	(13,266)
Net Cash Used In Investing Activities	<u>(28,084)</u>	<u>(13,139)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(11,160)	(15,200)
Interest paid	(387)	(139)
Issuance of shares	30,927	-
Proceeds from finance lease creditors	4,860	-
Repayment of finance lease creditors	(2,001)	(1,831)
Proceeds from borrowings	7,804	-
Repayment of borrowings	(7,366)	(165)
Net Cash From (Used In) Financing Activities	<u>22,677</u>	<u>(17,335)</u>
Net movement in cash and cash equivalents	(46)	(10,722)
Exchange translation differences	-	889
Cash and cash equivalents at beginning of financial period	6,003	15,836
Cash and cash equivalents at end of financial period	<u>5,957</u>	<u>6,003</u>
Comprising of:		
Cash and bank balances	5,831	5,309
Fixed deposits with licensed bank	126	694
	<u>5,957</u>	<u>6,003</u>

Note:

The above should be read in conjunction with the Annual Report of the Company for the financial year ended 30 April 2015 and the accompanying notes attached to this interim financial report.

SCGM BHD - GROUP
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31ST JANUARY 2016

←-----Attributable to owners of the parent----->

	SHARE CAPITAL RM'000	Non-Distributable		Distributable	TOTAL RM'000
		SHARE PREMIUM RM'000	RESERVES RM'000	RETAINED PROFIT RM'000	
Balance as at 1 May 2015	40,000	3,937	(28,227)	57,934	73,644
Issuance of shares:					
Bonus issue	20,000	(1,637)	-	(18,363)	-
Private placement	6,000	24,927	-	-	30,927
Profit after tax for the period	-	-	-	16,732	16,732
Dividends	-	-	-	(11,160)	(11,160)
Balance as at 31 January 2016	66,000	27,227	(28,227)	45,143	110,143

FOR THE PERIOD ENDED 31ST JANUARY 2015

←-----Attributable to owners of the parent----->

	SHARE CAPITAL RM'000	Non-Distributable		Distributable	TOTAL RM'000
		SHARE PREMIUM RM'000	RESERVES RM'000	RETAINED PROFIT RM'000	
Balance as at 1 May 2014	40,000	3,937	(28,227)	55,277	70,987
Profit after tax for the period	-	-	-	10,430	10,430
Dividend	-	-	-	(5,600)	(5,600)
Balance as at 31 January 2015	40,000	3,937	(28,227)	60,107	75,817

Note:

The above should be read in conjunction with the Annual Report of the Company for the financial year ended 30 April 2015 and the accompanying notes attached to this interim financial report.

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
For The Financial Quarter Ended 31 January 2016 (Unaudited)

Part A - Explanatory Notes Pursuant to MFRS 134

A1 Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with the MFRS 134 *Interim Financial Reporting* and applicable disclosure provisions of the Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 April 2015. The explanatory notes attached to this condensed consolidated interim financial report, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group for the financial period from May 1, 2015 to Jan 31, 2016.

The 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”).

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:

	Effective for annual periods beginning on or after
MFRS 9 Financial Instruments (IFRS 9 Financial Instruments as issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 11 Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendments to MFRS 101 Disclosure Initiative	1 January 2016
Amendments to MFRS 116 & MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 & MFRS 141 Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127 Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2012 – 2014 Cycle”	1 January 2016

A2 Auditors' Reports on Preceding Annual Financial Statements

There was no qualification in the financial statements for the financial year ended April 30, 2015.

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
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A3 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.

A4 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.

A5 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 period-to-date results.

A6 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 except for the following:-

	Number of shares	2016 RM
Issued and fully paid:		
Ordinary shares of RM0.50 each:		
At beginning of period – 1 May 2015	80,000,000	40,000,000
Issued during the period:		
Bonus issue	40,000,000	20,000,000
Private placement	<u>12,000,000</u>	<u>6,000,000</u>
At end of period – 31 January 2016	<u><u>132,000,000</u></u>	<u><u>66,000,000</u></u>

i. Bonus Issue

RHB Investment Bank Berhad announced that Bursa Securities had approved 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. The Bonus Shares had been listed and quoted on the Main Market of Bursa Malaysia Securities with effect from September 4, 2015. (This announcement was dated 4 September 2015.)

ii. Private Placement

Kenanga IB announced that the Proposed Private Placement has been completed on 11 December 2015, following the listing of and quotation for 10,000,000 and 2,000,000 SCGM Shares on 1 December 2015 and 11 December 2015, respectively, on the Main Market of Bursa Securities. (This announcement was dated 11 December 2015.)

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The Company has fixed the issue price of 10,000,000 Placement Shares, being the first (1st) tranche of the Proposed Private Placement at RM2.61 per Placement Share. The issue price of the Placement Shares of RM2.61 represents a discount of approximately 7.05% to the five (5)-day volume weighted average market price of SCGM Shares up to and including 20 November 2015 of RM2.8079 per SCGM Share. (This announcement was dated 23 November 2015.)

The Company has fixed the issue price of the remaining 2,000,000 Placement Shares, being the second (2nd) and final tranche of the Proposed Private Placement at RM2.61 per Placement Share. The issue price of the Placement Shares of RM2.61 represents a discount of approximately 7.65% to the five (5)-day volume weighted average market price of SCGM Shares up to and including 4 December 2015 of RM2.8262 per SCGM Share. (This announcement was dated 7 December 2015.)

A7 Dividend Paid

The amount of dividends paid and declared since the end of the last financial year were as follows:

	2016
	RM
Final single tier dividend paid on September 18, 2015 - 4 sen per ordinary share in respect of the financial year ended 30 April 2015	3,200,000
First interim single tier dividend paid on 15 July 2015 - 5 sen per ordinary share	4,000,000
Second interim single tier dividend paid on 13 January 2016 - 3 sen per ordinary share	<u>3,960,000</u>
	<u><u>11,160,000</u></u>
Dividends per share – aggregate (sen) (dividends paid divided by the number of shares outstanding as at 31 Jan 2016)	<u><u>8.45</u></u>

The directors proposed third interim single tier dividend of 2 sen per ordinary share and payable on 12 April 2016.

A8 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.

	2016	2016
	(9 months)	
	RM'000	%
Export sales	49,498	49%
Local sales	<u>51,520</u>	51%
	<u><u>101,018</u></u>	

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
For The Financial Quarter Ended 31 January 2016 (Unaudited)

A9 Valuation of Property, Plant and Equipment

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

A10 Material Subsequent Events

There were no material events subsequent to the end of the current quarter up to the date of this announcement.

A11 Changes in the Composition of the Group

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

A12 Contingent Liabilities

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

A13 Capital Commitments

As at January 31, 2016, the Group has the capital expenditure in respect of property, plant and equipment of which approved and contracted for amounting to RM6.6 million.

A14 Cash and Cash Equivalents

	2016 RM'000
Cash & bank balances	5,831
Fixed deposits with licensed bank	<u>126</u>
	<u><u>5,957</u></u>

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
For The Financial Quarter Ended 31 January 2016 (Unaudited)

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA
SECURITIES BERHAD'S LISTING REQUIREMENTS**

B1 Review of performance

Current quarter vs preceding year corresponding quarter

For the current quarter performance, the Group recorded a Sales Turnover of RM37.263 million which was 36% higher than the preceding year's corresponding quarter Sales Turnover of RM27.364 million.

The Profit before Tax of RM8.881 million was 81% higher than the RM4.898 million recorded in the preceding year's corresponding quarter.

Significant increase in Sales Turnover was mainly due to increase in sales demand for both local and export sales for current quarter. The increase in the Profit before Tax can be attributed mainly from the decrease in the Cost of Goods Sold vis-à-vis raw material prices and as well as maintaining competitive edge over our competitors which resulted in higher demand for the products.

Cumulative results comparison

For the current period performance, the Group recorded a Sales Turnover of RM101.018 million which was 25% higher than the preceding year's corresponding period Sales Turnover of RM80.764 million.

The Profit before Tax of RM20.660 million was 52% higher than the RM13.580 million recorded in the preceding year's corresponding period.

Significant increase in Sales Turnover was mainly due to increase in sales demand for both local and export sales for current period. New customer acquisition both domestically and overseas spurs the demand for new sales. The Group has acquired 32 new domestic customers as well as 4 new overseas customers. In addition, higher demand for our existing customers contributed to the significant increase in Group's turnover.

The increase in Profit before Tax arose mainly from the decrease in raw materials prices and gain on foreign exchange as a result of appreciation of Singapore Dollar during the current period.

B2 Variation of Results Against Preceding Quarter

The current quarter Sales Turnover of RM37.263 million as compared to the preceding quarter ended 31 October 2015 Sales Turnover of RM34.118 million was higher by 9%, which resulted from the increase of sales demand from both local and export customers.

The Group recorded Profit before Tax of RM8.881 million for current quarter, which was 52% higher than the Profit before Tax of RM5.843 million in the preceding quarter. The increase arose mainly from the decrease in raw material prices of approximately 9%.

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
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B3 Future Prospects

The Board of Directors is of the opinion that for the financial year ending 30 April 2016, the financial results will be stable over the next quarter. The Board is confident that the sales turnover for the new financial year will be stabilised albeit a challenging times ahead. The Board believes, albeit those challenging times ahead, it firmly believes its new products i.e. plastic disposal cups will increase the Group's sales. The present utilisation for the cups is about 50% whilst the thermoforming machines have a utilisation rate of 85%. The Board expects the utilisation rate for the cups to be further improved via improved sales channel and penetration into domestic and export market.

Going forward, the Board believes in introducing new products mix to cater for the food and beverage sector which will continue contribute to the Group's profit and in addition to the aggressive marketing effort by the marketing team will also further increase the sales for the Group.

B4 Variance of Profit Forecast/Profit Guarantee

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

B5 Taxation

	For the current quarter RM'000	Financial period to date RM'000
Current tax expense:		
Current period	1,620	3,720
Underprovision in prior years	<u>208</u>	<u>208</u>
	<u><u>1,828</u></u>	<u><u>3,928</u></u>

The effective tax rate of the Group for the current quarter and financial period ended 31 January 2016 are lower than the statutory tax rate due to principally utilisation of the capital allowances and reinvestment allowances.

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
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B6 Corporate Proposals Announced But Not Completed

There were no corporate proposals announced but not completed.

Status of utilisation of proceeds raised from Private Placement as at 31 January 2016:

Purposes	Proposed Utilisation Amount RM'000	Actual Utilisation Amount RM'000	Intended Timeframe For	Balance RM'000	%
Capital expenditure	22,000	2,575	Within 24 months	19,425	88.3%
Working capital	8,920	8,352	Within 12 months	568	6.4%
Estimates expenses for Private Placement	400	393	Within 1 month	7	1.8%
	<u>31,320</u>	<u>11,320</u>		<u>20,000</u>	63.9%

As disclosed in the Proposal in relation to the Private Placement dated 12 November 2015, any differences between the illustrated proceeds stated in the Proposal and the actual proceeds raised from the Proposed Private Placement (which is dependent on the final issue price of the Placement Shares and the final number of Placement Shares issued) as well as any differences in the actual expenses in relation to the Proposed Private Placement shall be adjusted to the allocation for working capital requirements of the Group.

B7 Quoted Securities

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

B8 Borrowings and Debt Securities

The Group's Borrowings as at 31 January 2016 are as follows:-

	Current RM'000	Non- Current RM'000	Total RM'000
Unsecured:			
Bankers' Acceptance	438	-	438
Secured:			
Hire purchase creditors	<u>2,358</u>	<u>4,374</u>	<u>6,732</u>
	<u>2,796</u>	<u>4,374</u>	<u>7,170</u>

All the borrowings were denominated in Ringgit Malaysia.

B9 Off Balance Sheet Financial Instruments

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

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
For The Financial Quarter Ended 31 January 2016 (Unaudited)

B10 Material Litigation

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

B11 Earnings Per Share

Basic Earnings Per Share

	Current Quarter Ended 31.1.16 RM'000	Preceding Quarter Ended 31.1.15 RM'000	Cumulative Period To Date 31.1.16 RM'000	Preceding Cumulative Period To Date 31.1.15 RM'000
Basic Earnings Per Share Profit attributable to equity holders of the parent	7,053	3,848	16,732	10,430
Weighted average number of ordinary shares in issue ('000)	127,891	127,891*	122,630	122,630*
Basic earnings per share (sen)	5.51	3.01	13.64	8.51

*Comparative figures have been adjusted for issuance of shares via bonus issue and private placement to be comparable to the current period's presentation.

	Current Quarter Ended 31.1.16 RM'000	Preceding Quarter Ended 31.1.15 RM'000	Cumulative Period To Date 31.1.16 RM'000	Preceding Cumulative Period To Date 31.1.15 RM'000
Basic Earnings Per Share Profit attributable to equity holders of the parent	7,053	3,848	16,732	10,430
Weighted average number of ordinary shares in issue ('000)	127,891	80,000#	122,630	80,000#
Basic earnings per share (sen)	5.51	4.81	13.64	13.04

Comparative figures were based on quarterly announcements made in FY2015.

Diluted Earnings Per Share

There are no diluted earnings per share as the Group does not have any convertible financial instruments as at the end of the quarter under review and financial year to-date.

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
For The Financial Quarter Ended 31 January 2016 (Unaudited)

B12 Realised and Unrealised Retained Earnings

	Unaudited As At 31 Jan 2016 RM'000	Audited As At 30 Apr 2015 RM'000
Total retained profits of the Company and its subsidiary		
- Realised profit	76,209	71,149
- Unrealised loss	<u>(3,106)</u>	<u>(1,715)</u>
	73,103	69,434
Consolidation adjustments	<u>(27,960)</u>	<u>(11,500)</u>
Retained profits	<u><u>45,143</u></u>	<u><u>57,934</u></u>

B13 Profit before tax

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

	For the current quarter RM'000	Financial period to date RM'000
Gain on disposal of property, plant and equipment	(5)	(15)
Interest income	(141)	(150)
Foreign exchange (gain) loss - net	75	(960)
Gain on redemption of financial asset designated as at fair value through profit and loss	(7)	(7)
Amortisation of prepaid land lease payments	1	2
Fair value loss on financial asset designated as at fair value through profit and loss - net	60	60
Interest expense	135	387
Depreciation of property, plant and equipment	<u><u>1,561</u></u>	<u><u>4,498</u></u>