

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

	QUARTER ENDED 31ST OCT 2016 RM'000 UNAUDITED	QUARTER ENDED 31ST OCT 2015 RM'000 UNAUDITED	CURRENT YEAR TO DATE 31ST OCT 2016 RM'000 UNAUDITED	PRECEDING YEAR CORRESPONDING PERIOD 31ST OCT 2015 RM'000 UNAUDITED
REVENUE	42,015	34,118	79,891	63,755
OPERATING EXPENSES	(35,628)	(29,254)	(68,093)	(53,152)
OTHER OPERATING INCOME	238	1,161	1,351	1,428
PROFIT FROM OPERATIONS	<u>6,625</u>	<u>6,025</u>	<u>13,149</u>	<u>12,031</u>
FINANCE COSTS	(104)	(182)	(192)	(252)
PROFIT BEFORE TAX	<u>6,521</u>	<u>5,843</u>	<u>12,957</u>	<u>11,779</u>
TAXATION	(1,096)	(1,050)	(2,020)	(2,100)
PROFIT FOR THE PERIOD	<u><u>5,425</u></u>	<u><u>4,793</u></u>	<u><u>10,937</u></u>	<u><u>9,679</u></u>
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>5,425</u></u>	<u><u>4,793</u></u>	<u><u>10,937</u></u>	<u><u>9,679</u></u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE PARENT	<u><u>5,425</u></u>	<u><u>4,793</u></u>	<u><u>10,937</u></u>	<u><u>9,679</u></u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE PARENT	<u><u>5,425</u></u>	<u><u>4,793</u></u>	<u><u>10,937</u></u>	<u><u>9,679</u></u>
Earnings Per Share ("EPS")				
BASIC (SEN)#	4.11	3.99	8.29	8.07
BASIC (SEN)*	4.11	3.63	8.29	7.33
DILUTED (SEN)	N/A	N/A	N/A	N/A

Comparative figures were based on quarterly announcements made for the 3 months period ended 31 October 2015.

* Comparative figures have been adjusted based on 132,000,000 shares 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 2016 and the accompanying notes attached to this interim financial report.

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

	As at 31ST OCT 2016 (Unaudited)	As at 30TH APRIL 2016 (Audited)
	RM'000	RM'000
Non-current assets		
Property, Plant and Equipment	72,220	50,092
Capital Work-in-progress	-	1,229
Prepaid Land Lease Payments	165	167
	72,385	51,488
Current assets		
Inventories	19,689	17,105
Trade Receivables	37,987	32,800
Other Receivables	2,721	4,220
Tax recoverable	311	60
Financial Assets Designated At Fair Value Through Profit And Loss	2,989	16,764
Fixed deposit with licensed banks	-	127
Cash and bank balances	17,956	7,955
	81,653	79,031
Total Assets	154,038	130,519
Equity & Liabilities		
Equity attributable to owners of the parent		
Share Capital	66,000	66,000
Share Premium	27,227	27,227
Reverse Acquisition Reserve	(28,227)	(28,227)
Retained Profit	51,622	45,965
Total Equity	116,622	110,965
Non-current liabilities		
Borrowings	7,886	-
Deferred Tax Liabilities	3,870	3,400
Finance Lease Creditors	2,701	3,824
	14,457	7,224
Current liabilities		
Trade Payables	9,984	5,968
Other Payables And Accruals	7,773	3,434
Finance Lease Creditors	2,213	2,296
Borrowings	2,989	-
Tax Payable	-	632
	22,959	12,330
Total Liabilities	37,416	19,554
Total Equity and Liabilities	154,038	130,519
Net Assets Per Share (Sen)	88.35	84.06

Note:

The above should be read in conjunction with the Annual Report of the Company for the financial year ended 30 April 2016 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 OCTOBER 2016

	2016 Current YTD 31ST OCT Unaudited	2016 Preceeding YTD 30th Apr Audited
	RM'000	RM'000
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit Before Taxation	12,957	25,757
Adjustments for :		
Depreciation of property, plant and equipment	3,692	6,113
Interest expenses	192	483
Inventories written down	94	1,025
Fair value loss on financial assets designated at fair value through profit and loss	6	47
Amortisation of prepaid land lease payments	2	3
Allowance for impairment of receivables	-	54
Property, plant and equipment written off	-	53
Reversal of inventories written down	(2)	(1,071)
Unrealised (gain)/loss on foreign exchange	(220)	565
Gain on disposal of property, plant and equipment	(137)	(15)
Interest income	(165)	(327)
Gain on redemption on financial assets designated at fair value through profit and loss	(14)	(10)
	<u>16,405</u>	<u>32,677</u>
Net movement in working capital:		
Inventories	(2,677)	(2,228)
Receivables	(3,410)	(11,152)
Payables	8,303	(1,467)
CASH GENERATED FROM OPERATIONS	<u>18,621</u>	<u>17,830</u>
Income tax paid	(2,433)	(5,093)
Net cash flow from operating activities	<u>16,188</u>	<u>12,737</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	136	15
Interest received	19	26
Payments to acquire financial assets	-	(24,000)
Proceeds from redemption of financial assets	13,929	7,500
Purchase of property, plant and equipment	(24,590)	(13,095)
Net Cash Used In Investing Activities	<u>(10,506)</u>	<u>(29,554)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividend paid	(5,280)	(13,800)
Interest paid	(192)	(483)
Issuance of shares	-	30,927
Proceeds from finance lease creditors	-	4,860
Repayment of finance lease creditors	(1,206)	(2,613)
Proceeds from borrowings	10,875	-
Repayment of borrowings	-	-
Net Cash (Used In)/From Financing Activities	<u>4,197</u>	<u>18,891</u>
Net movement in cash and cash equivalents	9,879	2,074
Exchange translation differences	(5)	5
Cash and cash equivalents at beginning of financial period	8,082	6,003
Cash and cash equivalents at end of financial period	<u>17,956</u>	<u>8,082</u>
Comprising of:		
Cash and bank balances	17,956	7,955
Fixed deposits with licensed bank	-	127
	<u>17,956</u>	<u>8,082</u>

Note:

The above should be read in conjunction with the Annual Report of the Company for the financial year ended 30 April 2016 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 OCTOBER 2016

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

	Non-Distributable		Distributable	TOTAL	
	SHARE CAPITAL	SHARE PREMIUM	REVERSE ACQUISITION RESERVE		
	RM'000	RM'000	RETAINED PROFIT RM'000	RM'000	
Balance as at 1 May 2016	66,000	27,227	(28,227)	45,965	110,965
Profit after tax for the period	-	-	-	10,937	10,937
Dividends	-	-	-	(5,280)	(5,280)
Balance as at 31 October 2016	66,000	27,227	(28,227)	51,622	116,622

FOR THE PERIOD ENDED 31 OCTOBER 2015

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

	Non-Distributable		Distributable	TOTAL	
	SHARE CAPITAL	SHARE PREMIUM	REVERSE ACQUISITION RESERVE		
	RM'000	RM'000	RETAINED PROFIT RM'000	RM'000	
Balance as at 1 May 2015	40,000	3,937	(28,227)	57,934	73,644
Bonus Issue	20,000	(1,637)	-	(18,363)	-
Profit after tax for the period	-	-	-	9,679	9,679
Dividends	-	-	-	(7,200)	(7,200)
Balance as at 31 October 2015	60,000	2,300	(28,227)	42,050	76,123

Note:

The above should be read in conjunction with the Annual Report of the Company for the financial year ended 30 April 2016 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 October 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 2016. 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 year ended 30 April 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 2016. 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 2 Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
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
MFRS 16 Leases	1 January 2019
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 107 Disclosure Initiative	1 January 2017
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
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

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Notes To The Interim Report
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A2 Auditors' Reports on Preceding Annual Financial Statements

There was no qualification in the financial statements for the financial year ended April 30, 2016.

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 year-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.

A7 Dividends Paid

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

The Directors declared fourth interim single tier dividend in respect of the financial year ended 30 April 2016 of 2 sen per ordinary share, amounting to RM2,640,000 on 23 June 2016 and paid on 27 July 2016.

The Directors declared first interim single tier dividend in respect of the financial year ending 30 April 2017 of 2 sen per ordinary share, amounting to RM2,640,000 on 2 September 2016 and paid on 7 October 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.

	Current Year Quarter 31.10.2016 RM'000	2016 %	Preceding Year Corresponding Quarter 31.10.2015 RM'000	2015 %
Export sales	17,015	40%	16,786	49%
Local sales	25,000	60%	17,332	51%
	<u>42,015</u>		<u>34,118</u>	

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
For The Financial Quarter Ended 31 October 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 year-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 October 31, 2016, the Group has the capital expenditure in respect of property, plant and equipment are as follows:

	31.10.2016	30.4.2016
	RM'000	RM'000
Authorised but not contracted for:-		
- Equipment, plant and machinery	-	3,736
- Building	-	5,698
	<u>-</u>	<u>9,434</u>
Approved and contracted for:-		
- Equipment, plant and machinery	16,718	5,177
- Land	-	10,658
	<u>16,718</u>	<u>15,835</u>

A14 Cash and Cash Equivalents

	31.10.2016	30.4.2016
	RM'000	RM'000
Cash and bank balances	17,956	7,955
Fixed deposits with licensed bank	-	127
	<u>17,956</u>	<u>8,802</u>

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 RM42.015 million which was 23.1% higher than the preceding year's corresponding quarter Sales Turnover of RM34.118 million. Significant increase in Sales Turnover was mainly due to higher local sales demand of plastic packaging products.

The operating expenses increased mainly due to the increase in cost of production, staff cost, depreciation of property, plant and equipment, higher consumption of electricity power and packing materials.

The Profit before Tax of RM6.521 million was 11.6% higher than the RM5.843 million recorded in the preceding year's corresponding quarter. The increase in Profit before Tax was attributed by higher profit from operations recorded as a result of higher revenue achieved during the quarter, however, it was offset by the decrease in gain on foreign exchange and increase in depreciation during the quarter.

B2 Variation of Results Against Preceding Quarter

The current quarter Sales Turnover of RM42.015 million as compared to the preceding quarter ended 31 July 2016 Sales Turnover of RM37.876 million has increased by 10.9%, which resulted from the higher demand from both local and export.

The Group recorded Profit before Tax of RM6.521 million for current quarter, which was 1.32% higher than the Profit before Tax of RM6.436 million in the preceding quarter. The slight increase was due to higher revenue achieved in this quarter however it was offset by the decrease in gain on foreign exchange and interest income during the financial period.

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

B3 Future Prospects

In light of regulatory bans on polystyrene foam packaging starts to be effective coming next year in several states in Malaysia, the demand for substitution products such as lunch boxes, disposable hygiene cups and other related products have shown significant demand.

To meet the immediate demand for lunch boxes, the management has started its operation at the 20,000 square feet rented factory in Kulai to increase the production in the interim. Currently, 1 extrusion machine and 1 thermoforming machine are operating in the rented factory. The rented premises will house additional 1 extrusion machine and 3 thermoforming machines in near future to increase the production to meet the customer demand.

To make further inroads into the market, the Group will seek to explore further collaboration with strategic buyers to enhance its portfolio and be a dominant player in the thermo forming industry.

B4 Variance of Profit Forecast/Profit Guarantee

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

B5 Taxation

	Current Year Quarter 31.10.2016 RM'000	Preceding Year Corresponding Quarter 31.10.2015 RM'000
Current tax expense:		
Current period	846	1,050
Deferred tax expense:		
Current period	250	-
	<u>1,096</u>	<u>1,050</u>

The effective tax rate of the Group for the current quarter is lower than the statutory tax rate due to principally utilisation of the capital allowances and reinvestment allowances.

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B6 Corporate Proposals Announced But Not Completed

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

Purposes	Proposed Utilisation Amount RM'000	Actual Utilisation Amount RM'000	Intended Timeframe For	Balance RM'000	%
Capital expenditure	22,000	10,028	Within 24 months	11,972	54.4%
Working capital	8,920	8,920	Within 12 months	-	0%
Estimates expenses for Private Placement	400	400	Within 1 month	-	0%
	<u>31,320</u>	<u>19,348</u>		<u>11,972</u>	<u>38.2%</u>

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.

The corporate proposals announced but not completed

On 10 August 2016, Kenanga IB announced that the Company proposed to revise the utilisation of unutilised balance of proceeds raised from the Private Placement, which was completed on 11 December 2015.

On 10 August 2016, Kenanga Investment Bank Berhad (“Kenanga IB”) announced that the Company proposed to undertake the Proposed Private Placement of up to 13,200,000 new ordinary shares.

On 15 August 2016, Kenanga IB announced that the listing application in respect of the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad.

On 8 September 2016, Kenanga IB announced that Bursa Securities had approved the listing of and quotation of up to 13,200,000 new ordinary Shares on the Main Market of Bursa Securities to be issued pursuant to the Proposed Private Placement.

B7 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 October 2016 (Unaudited)

B8 Borrowings and Debt Securities

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

	Current RM'000	Non- Current RM'000	Total RM'000
Secured:			
Borrowings	2,989	7,886	10,875
Finance lease creditors	2,213	2,701	4,914
	<u>5,202</u>	<u>10,587</u>	<u>15,789</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.

B10 Material Litigation

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

B11 Proposed Dividend

The Directors proposed second interim single tier dividend in respect of the financial year ending 30 April 2017 of 2 sen per ordinary shares and payable on 13 January 2017 to members registered on 27 December 2016.

B12 Earnings Per Share

Basic Earnings Per Share

	Current Quarter Ended 31.10.16 RM'000	Preceding Quarter Ended 31.10.15 RM'000	Cumulative Year To Date 31.10.16 RM'000	Preceding Cumulative Year To Date 31.10.15 RM'000
Basic Earnings Per Share				
Profit attributable to equity holders of the parent	5,425	4,793	10,937	9,679
Weighted average number of ordinary shares in issue ('000)	132,000	132,000*	132,000	132,000*
Basic earnings per share (sen)	4.11	3.63	8.28	7.33

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

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

	Current Quarter Ended 31.10.16 RM'000	Preceding Quarter Ended 31.10.15 RM'000	Cumulative Period To Date 31.10.16 RM'000	Preceding Cumulative Period To Date 31.10.15 RM'000
Basic Earnings Per Share Profit attributable to equity holders of the parent	5,425	4,793	10,937	9,679
Weighted average number of ordinary shares in issue ('000)	132,000	120,000#	132,000	120,000#
Basic earnings per share (sen)	4.11	3.99	8.28	8.07

Comparative figures were based on quarterly announcements made for the 3 months period ended 31 October 2015.

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.

B13 Realised and Unrealised Retained Earnings

	Unaudited As At 31.10.2016 RM'000	Audited As At 30.4.2016 RM'000
Total retained profits of the Company and its subsidiary		
- Realised profit	61,114	80,530
- Unrealised loss	<u>(3,852)</u>	<u>(3,965)</u>
	57,262	76,565
Consolidation adjustments	<u>(5,640)</u>	<u>(30,600)</u>
Retained profits	<u><u>51,622</u></u>	<u><u>45,965</u></u>

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
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B14 Profit before tax

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

	Current Year Quarter 31.10.16 RM'000	Current Year To Date 31.10.16 RM'000	Preceding Year Corresponding Quarter 31.10.15 RM'000	Preceding Year Corresponding Period 31.10.15 RM'000
(Gain)/Loss on foreign exchange:				
Realised	(182)	(820)	(880)	(1,088)
Unrealised	(19)	(220)	-	53
Gain on disposal of property, plant and equipment	-	(137)	-	-
Interest income	(39)	(165)	(3)	(9)
Gain on redemption of financial asset designated as at fair value through profit and loss	-	(14)	-	-
Amortisation of prepaid land lease payments	1	2	1	1
Fair value loss on financial asset designated as at fair value through profit and loss – net	2	6	-	-
Interest expense	104	192	182	252
Inventories written down	-	94	-	-
Reversal of inventories written down	(2)	(2)	-	-
Depreciation of property, plant and equipment	1,964	3,692	1,475	2,937