

SCGM BHD - GROUP
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31ST JANUARY 2017

	QUARTER ENDED 31ST JAN 2017 RM'000 UNAUDITED	QUARTER ENDED 31ST JAN 2016 RM'000 UNAUDITED	CURRENT YEAR TO DATE 31ST JAN 2017 RM'000 UNAUDITED	PRECEDING YEAR CORRESPONDING PERIOD 31ST JAN 2016 RM'000 UNAUDITED
REVENUE	45,987	37,263	125,878	101,018
OPERATING EXPENSES	(39,526)	(29,106)	(107,619)	(82,258)
OTHER OPERATING INCOME	767	859	2,118	2,287
PROFIT FROM OPERATIONS	<u>7,228</u>	<u>9,016</u>	<u>20,377</u>	<u>21,047</u>
FINANCE COSTS	(185)	(135)	(377)	(387)
PROFIT BEFORE TAX	<u>7,043</u>	<u>8,881</u>	<u>20,000</u>	<u>20,660</u>
TAXATION	(63)	(1,828)	(2,083)	(3,928)
PROFIT FOR THE PERIOD	<u><u>6,980</u></u>	<u><u>7,053</u></u>	<u><u>17,917</u></u>	<u><u>16,732</u></u>
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>6,980</u></u>	<u><u>7,053</u></u>	<u><u>17,917</u></u>	<u><u>16,732</u></u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE PARENT	<u><u>6,980</u></u>	<u><u>7,053</u></u>	<u><u>17,917</u></u>	<u><u>16,732</u></u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE PARENT	<u><u>6,980</u></u>	<u><u>7,053</u></u>	<u><u>17,917</u></u>	<u><u>16,732</u></u>
Earnings Per Share ("EPS")				
BASIC (SEN)#	5.29	5.51	13.57	13.64
BASIC (SEN)*	5.29	5.34	13.57	12.68
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 January 2016.

* 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 JANUARY 2017

	As at 31ST JAN 2017 (Unaudited)	As at 30TH APRIL 2016 (Audited)
	RM'000	RM'000
Non-current assets		
Property, Plant and Equipment	79,938	50,092
Capital Work-in-progress	2,873	1,229
Prepaid Land Lease Payments	165	167
	82,976	51,488
Current assets		
Inventories	25,168	17,105
Trade Receivables	42,664	32,800
Other Receivables	6,610	4,220
Tax recoverable	2,393	60
Financial Assets Designated At Fair Value Through Profit And Loss	2,083	16,764
Fixed deposit with licensed banks	-	127
Cash and bank balances	7,432	7,955
	86,350	79,031
Total Assets	169,326	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	55,962	45,965
Total Equity	120,962	110,965
Non-current liabilities		
Borrowings	7,706	-
Deferred Tax Liabilities	4,420	3,400
Finance Lease Creditors	2,128	3,824
	14,254	7,224
Current liabilities		
Trade Payables	9,358	5,968
Other Payables And Accruals	8,889	3,434
Finance Lease Creditors	2,246	2,296
Borrowings	13,617	-
Tax Payable	-	632
	34,110	12,330
Total Liabilities	48,364	19,554
Total Equity and Liabilities	169,326	130,519
Net Assets Per Share (Sen)	91.64	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 JANUARY 2017

	2017 Current YTD 31ST JAN Unaudited	2016 Preceeding YTD 31ST JAN Unaudited
	RM'000	RM'000
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit Before Taxation	20,000	20,660
Adjustments for :		
Depreciation of property, plant and equipment	5,890	4,498
Interest expenses	377	387
Inventories written down	94	-
Fair value loss on financial assets designated at fair value through profit and loss	20	60
Amortisation of prepaid land lease payments	2	2
Reversal of inventories written down	(224)	-
Unrealised (gain)/loss on foreign exchange	(383)	583
Gain on disposal of property, plant and equipment	(137)	(15)
Interest income	(215)	(150)
Loss/(Gain) on redemption on financial assets designated at fair value through profit and loss	9	(7)
	<u>25,433</u>	<u>26,018</u>
Net movement in working capital:		
Inventories	(7,933)	(2,504)
Receivables	(11,911)	(11,965)
Payables	8,890	(2,151)
CASH GENERATED FROM OPERATIONS	<u>14,479</u>	<u>9,398</u>
Income tax paid	(4,028)	(4,037)
Net cash flow from operating activities	<u>10,451</u>	<u>5,361</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	136	15
Interest received	39	19
Payments to acquire financial assets	-	(24,000)
Proceeds from redemption of financial assets	14,828	4,000
Purchase of property, plant and equipment	(37,379)	(8,118)
Net Cash Used In Investing Activities	<u>(22,376)</u>	<u>(28,084)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividend paid	(7,920)	(11,160)
Interest paid	(377)	(387)
Issuance of shares	-	30,927
Proceeds from finance lease creditors	-	4,860
Repayment of finance lease creditors	(1,746)	(2,001)
Proceeds from borrowings	22,530	7,804
Repayment of borrowings	(1,207)	(7,366)
Net Cash From Financing Activities	<u>11,280</u>	<u>22,677</u>
Net movement in cash and cash equivalents	(645)	(46)
Exchange translation differences	(5)	-
Cash and cash equivalents at beginning of financial period	5,957	6,003
Cash and cash equivalents at end of financial period	<u>5,307</u>	<u>5,957</u>
Comprising of:		
Cash and bank balances	7,432	5,831
Fixed deposits with licensed bank	-	126
	<u>7,432</u>	<u>5,957</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 JANUARY 2017

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

	Non-Distributable			Distributable	TOTAL
	SHARE	REVERSE	RETAINED		
	CAPITAL	ACQUISITION	PROFIT		
	PREMIUM	RESERVE	PROFIT		
	RM'000	RM'000	RM'000	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	-	-	-	17,917	17,917
Dividends	-	-	-	(7,920)	(7,920)
Balance as at 31 January 2017	66,000	27,227	(28,227)	55,962	120,962

FOR THE PERIOD ENDED 31ST JANUARY 2016

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

	Non-Distributable			Distributable	TOTAL
	SHARE	REVERSE	RETAINED		
	CAPITAL	ACQUISITION	PROFIT		
	PREMIUM	RESERVE	PROFIT		
	RM'000	RM'000	RM'000	RM'000	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

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 January 2017 (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 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
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 12 (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2017
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 128 (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018

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.

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
For The Financial Quarter Ended 31 January 2017 (Unaudited)

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.

The Directors declared second 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 8 December 2016 and paid on 13 January 2017.

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 31.01.2017 RM'000	2017 %	Preceding Year Corresponding Quarter 31.01.2016 RM'000	2016 %
Export sales	18,410	40%	18,399	49%
Local sales	<u>27,577</u>	60%	<u>18,864</u>	51%
	<u><u>45,987</u></u>		<u><u>37,263</u></u>	

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
For The Financial Quarter Ended 31 January 2017 (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, except for the following:

- i) Proposed Private Placement (for details – refer to Part B-6 Corporate Proposal Announced But Not Completed); and
- ii) Contracts of RM54 million awarded to commence construction of its new factory.

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 January 31, 2017, the Group has the capital expenditure in respect of property, plant and equipment are as follows:

	31.01.2017	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	10,043	5,177
- Land	-	10,658
- Factory under construction	54,000	-
	<u>64,043</u>	<u>15,835</u>

A14 Cash and Cash Equivalents

	31.01.2017	30.4.2016
	RM'000	RM'000
Cash and bank balances	7,432	7,955
Fixed deposits with licensed bank	-	127
	<u>7,432</u>	<u>8,082</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 RM45.987 million which was 23.4% higher than the preceding year's corresponding quarter Sales Turnover of RM37.263 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 RM7.043 million was 20.7% lower than the RM8.881 million recorded in the preceding year's corresponding quarter. The decrease in Profit before Tax was attributed by higher cost of production attributed by increase in resin price, higher depreciation of property, plant and equipment, higher consumption of electricity power and packing materials.

B2 Variation of Results Against Preceding Quarter

The current quarter Sales Turnover of RM45.987 million as compared to the preceding quarter ended 31 October 2016 Sales Turnover of RM42.015 million has increased by 9.5%, which resulted from the higher demand from both local and export.

The Group recorded Profit before Tax of RM7.043 million for current quarter, which was 8% higher than the Profit before Tax of RM6.521 million in the preceding quarter. The slight increase was due to increase in gain on foreign exchange and interest income during the financial period.

B3 Future Prospects

Moving forward with the anticipation of more states to follow suite on the ban of polystyrene across the country, the demand for substitution for the lunch boxes increase significantly thus augur well for us to cater to the huge demand.

As a silver sponsor for the upcoming 2017 SouthEast Asian Games and ASEAN Para Games to be hosted at Kuala Lumpur in August and September respectively, it will also increase the demand for our disposable lunch boxes and cups.

The demand for our bakery, sushi, fruits and vegetables products will see an increase in demand due to the awareness of the spill over effect from the ban of polystyrene trays such as single layer trays to wrap fruits and vegetables. As the lifestyle changes for more hygienic packaging, this sector will likely see an increase in demand in the near term.

B4 Variance of Profit Forecast/Profit Guarantee

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

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
For The Financial Quarter Ended 31 January 2017 (Unaudited)

B5 Taxation

	Current Year Quarter 31.01.2017 RM'000	Preceding Year Corresponding Quarter 31.01.2016 RM'000
Current tax expense:		
Current period	(550)#	1,620
Underprovision in prior years	63	208
Deferred tax expense:		
Current period	550	-
	<u>63</u>	<u>1,828</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.

The Group has recorded RM1.550 million income tax expense for the financial period (6 months) ended 31 October 2016. Based on financial statements for the financial period (9 months) ended 31 January 2017, higher utilisation of reinvestment allowances and capital allowances resulting from more acquisition of property, plant and equipment, the income tax expense was amounting to RM1 million thus reversal of RM0.550 million was made as shown above.

B6 Corporate Proposals Announced But Not Completed

Status of utilisation of proceeds raised from Private Placement I as at 31 January 2017:

Purposes	Proposed Utilisation Amount RM'000	Actual Utilisation Amount RM'000	Intended Timeframe For	Balance RM'000	%
Capital expenditure	22,000	20,000	Within 24 months	2,000	9.09%
Working capital	8,920	8,920	Within 12 months	-	0%
Estimates expenses for Private Placement	<u>400</u>	<u>400</u>	Within 1 month	<u>-</u>	<u>0%</u>
	<u>31,320</u>	<u>29,320</u>		<u>2,000</u>	<u>6.39%</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.

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
For The Financial Quarter Ended 31 January 2017 (Unaudited)

The corporate proposals announced but not completed

(a) Private Placement I

On 10 August 2016, Kenanga Investment Bank Berhad (“Kenanga IB”) announced that the Company proposed to revise the utilisation of unutilised balance of proceeds raised from the Private Placement I, which was completed on 11 December 2015.

(b) Private Placement II

On 10 August 2016, 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.

On 16 February 2017, Kenanga IB announced that the Company has fixed the issue price for the placement for 13,200,000 Placement Shares, being the first and only tranche of the Proposed Private Placement, at RM3.20 per Placement Share.

The issue price of the Placement Shares of RM3.20 represents a discount of approximately 5.6% to the five (5)-day volume weighted average market price of SCGM Shares up to and including 15 February 2017 (being the last market day prior to the Price-Fixing Date), of RM3.39 per SCGM Share.

On 24 February 2017, Kenanga IB announced that the Private Placement has been completed, following the listing of and quotation for 132,000,000 SCGM Shares, being the first and only tranche of the Private Placement on the Main Market of Bursa Securities on the said date.

B7 Quoted Securities

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

B8 Borrowings and Debt Securities

The Group's Borrowings as at 31 January 2017 are as follows:-

	Current RM'000	Non- Current RM'000	Total RM'000
Secured:			
Borrowings	13,617	7,706	21,323
Finance lease creditors	2,246	2,128	4,374
	<u>15,863</u>	<u>9,834</u>	<u>25,697</u>

All the borrowings were denominated in Ringgit Malaysia.

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
For The Financial Quarter Ended 31 January 2017 (Unaudited)

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 third interim single tier dividend in respect of the financial year ending 30 April 2017 of 2 sen per ordinary shares and payable on 14 April 2017 to members registered on 31 March 2017.

B12 Earnings Per Share

Basic Earnings Per Share

	Current Quarter Ended 31.01.17 RM'000	Preceding Quarter Ended 31.01.16 RM'000	Cumulative Year To Date 31.01.17 RM'000	Preceding Cumulative Year To Date 31.01.16 RM'000
Basic Earnings Per Share Profit attributable to equity holders of the parent	6,980	7,053	17,917	16,732
Weighted average number of ordinary shares in issue ('000)	132,000	132,000*	132,000	132,000*
Basic earnings per share (sen)	5.29	5.34	13.57	12.68

*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 31.01.17 RM'000	Preceding Quarter Ended 31.01.16 RM'000	Cumulative Period To Date 31.01.17 RM'000	Preceding Cumulative Period To Date 31.01.16 RM'000
Basic Earnings Per Share Profit attributable to equity holders of the parent	6,980	7,053	17,917	16,732
Weighted average number of ordinary shares in issue ('000)	132,000	127,891#	132,000	122,630#
Basic earnings per share (sen)	5.29	5.51	13.57	13.64

Comparative figures were based on quarterly announcements made for the 3 months period ended 31 January 2016.

SCGM Bhd (Company no: 779028-H)
Notes To The Interim Report
For The Financial Quarter Ended 31 January 2017 (Unaudited)

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 31.01.2017 RM'000	Audited As At 30.4.2016 RM'000
Total retained profits of the Company and its subsidiary		
- Realised profit	68,279	80,530
- Unrealised loss	(4,037)	(3,965)
	<hr/>	<hr/>
	64,242	76,565
Consolidation adjustments	(8,280)	(30,600)
	<hr/>	<hr/>
Retained profits	<u>55,962</u>	<u>45,965</u>

B14 Profit before tax

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

	Current Year Quarter 31.01.17 RM'000	Current Year To Date 31.01.17 RM'000	Preceding Year Corresponding Quarter 31.01.16 RM'000	Preceding Year Corresponding Period 31.01.16 RM'000
(Gain)/Loss on foreign exchange:				
Realised	(591)	(1,411)	(455)	(1,543)
Unrealised	(163)	(383)	530	583
Gain on disposal of property, plant and equipment	-	(137)	(5)	(15)
Interest income	(50)	(215)	(141)	(150)
Loss/(Gain) on redemption of financial asset designated as at fair value through profit and loss	23	9	(7)	(7)
Amortisation of prepaid land lease payments	1	2	1	2
Fair value loss on financial asset designated as at fair value through profit and loss – net	14	20	60	60
Interest expense	185	377	135	387
Inventories written down	-	94	-	-
Reversal of inventories written down	(222)	(224)	-	-
Depreciation of property, plant and equipment	2,198	5,890	1,561	4,498
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