

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Quarter Ended 30 April 2021 (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 2020. 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 ended 30 April 2021.

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 30 April 2020, except for the adoption of the following which are applicable to the financial statements and are relevant to the operations:

(I) Adoption of standards, interpretations and amendments

Malaysian Financial Reporting Standards (MFRSs)	Effective for annual reporting periods beginning on or after
Amendments to MFRS 2 Share-based Payment	1 January 2020
Amendments to MFRS 3 Business Combinations	1 January 2020
Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 14 Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138 Intangible Assets	1 January 2020
Amendments to IC Interpretation 12 Service Concession Arrangements	1 January 2020
Amendments to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132 Intangible Assets – Web Site Costs	1 January 2020
Definition of a Business (Amendments to MFRS 3 Business Combinations)	1 January 2020
Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2020
Interest Rate Benchmark Reform (Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures)	1 January 2020

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Quarter Ended 30 April 2021 (Unaudited)

A1 Basis of Preparation (cont'd)

(II) Standards, interpretations and amendments issued but not yet effective

At the date of authorisation of these interim financial statements, the following standards and interpretations were issued but not yet effective at the beginning of the current financial year and have not been applied by the Group:

Malaysian Financial Reporting Standards (MFRSs)	Effective for annual reporting periods beginning on or after
COVID-19-Related Rent Concessions (Amendment to MFRS 16 Leases)	1 June 2020
Insurance Contracts: Interest Rate Benchmark Reform-Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)	1 April 2021
Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020 Cycle" Reference to the Conceptual Framework	1 January 2022
(Amendments to MFRS 3 Business Combinations)	1 January 2022
Property, Plant and Equipment-Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)	1 January 2022
Onerous Contracts-Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-current (Amendment to MFRS 101 Presentation of Financial Statements)	1 January 2023
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A2 Summary of Significant Accounting Policies

Adoption of new or revised MFRSs

Significant accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements for year ended 30 April 2020, except for adoption of the new and revised MFRSs, interpretations and amendments approved by the Malaysian Accounting Standards Board and applicable for current financial year. The initial application of the new and revised MFRSs, interpretations and amendments has no material impacts to this interim financial statements.

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Quarter Ended 30 April 2021 (Unaudited)

A3 Auditors' Reports on Preceding Annual Financial Statements

There was no qualification in the financial statements for the financial year ended 30 April 2020.

A4 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.

A5 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.

A6 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.

A7 Changes in Debt and Equity Securities

There have been no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for current quarter and financial year-to date.

Total number of 1,038,600 treasury shares held by the Company since the end of the last financial quarter remained unchanged during the current quarter under review. The average price paid for the treasury shares was RM2.224 per share.

The unexercised Warrants of 19,359,636 have lapsed and become null and void on its expiry date on 30 July 2020. Accordingly, the Warrants have been removed from the Official List of Bursa Malaysia Securities Berhad with effect from 3 August 2020.

A8 Dividends Paid

The amounts 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 2020 of 1.50 sen per ordinary share, amounting to RM2,888,417 on 29 June 2020 and paid on 29 July 2020.

The Directors declared final single tier dividend in respect of the financial year ended 30 April 2020 of 0.35 sen per ordinary share, amounting to RM673,964 on 24 September 2020 and paid on 28 October 2020.

The Directors declared first interim single tier dividend in respect of the financial year ended 30 April 2021 of 1.70 sen per ordinary share, amounting to RM3,273,537 on 28 September 2020 and paid on 12 November 2020.

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Quarter Ended 30 April 2021 (Unaudited)

A8 Dividends Paid (cont'd)

The Directors declared second interim single tier dividend in respect of the financial year ended 30 April 2021 of 1.50 sen per ordinary share, amounting to RM2,888,417 on 21 December 2020 and paid on 22 January 2021.

The Directors declared third interim single tier dividend in respect of the financial year ended 30 April 2021 of 2.20 sen per ordinary shares, amounting to RM4,236,343 on 29 March 2021 and paid on 28 April 2021.

A9 Segmental Reporting

Detailed segmental reporting is not provided as the the Group's primary business segment is principally engaged in the manufacturing and trading of plastic products and its operation is principally located in Malaysia.

	Current Year Quarter 30 April 2021 RM'000	%	Preceding Year Corresponding Quarter 30 April 2020 RM'000	%
Export sales	19,638	30%	18,212	37%
Local sales	46,106	70%	31,450	63%
	<u>65,744</u>		<u>49,662</u>	

A10 Valuation of Property, Plant and Equipment

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

A11 Material Subsequent Events

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

A12 Changes in the Composition of the Group

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

A13 Contingent Liabilities

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

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Quarter Ended 30 April 2021 (Unaudited)

A14 Capital Commitments

As at 30 April 2021, the Group has the capital expenditure in respect of property, plant and equipment as follows:-

	30.04.2021
	RM'000
Approved and contracted for:-	
- Equipment, plant and machinery	1,711
	=====
Approved and not contracted for:-	
- Equipment, plant and machinery	5,137
	=====

A15 Significant Related Party Transactions

Significant related party transactions of the Group are as follows:-

	Group		Company	
	12 months ended		12 months ended	
	30 April		30 April	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Sales to a company connected with certain Directors	1,982	2,476	-	-
	=====	=====	=====	=====
Purchases from a company connected with certain Directors	751	449	-	-
	=====	=====	=====	=====
Dividend income from the subsidiary	-	-	14,300	4,300
	=====	=====	=====	=====

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

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

B1 Performance Review

Quarter ended 30 April 2021 (4Q21) versus quarter ended 30 April 2020 (4Q20)

The Group posted a 32.4% increase in revenue to RM65.744 million in 4Q21 compared to RM49.662 million in the previous corresponding quarter resulting from higher export and local sales. Export sales increased by 7.8% to RM19.638 million from RM18.212 million in 4Q20 while local sales increased by 46.6% to RM46.106 million from RM31.450 million in 4Q20. The better performance was on higher deliveries of food and beverage (F&B) packaging and commencement of sale and distribution of face masks to the domestic and Singapore market under the Group's new Personal Protective Equipment (PPE) product line since May 2020.

In line with the increased revenue, coupled with more favourable sales mix and lower interest expense in 4Q21, the Group's profit before tax jumped 66.8% to RM9.792 million in the quarter under review versus RM5.869 million profit before tax in 4Q20. In addition, the Group incurred lower electricity and rental expense in 4Q21, as the rented factory in Telok Panglima Garang was consolidated with the Kulai plant since March 2020 in 4Q20.

Simultaneously, the higher revenue resulted in improved net profit to RM7.621 million in 4Q21 from RM6.863 million in 4Q20, which also included tax income.

Twelve months ended 30 April 2021 (12M21) versus twelve months ended 30 April 2020 (12M20)

For 12M21, revenue grew 17.1% to RM246.503 million from RM210.483 million as a result of higher deliveries of food and beverage (F&B) packaging and commencement of sale and distribution of face masks to the domestic and Singapore market under the Group's new Personal Protective Equipment (PPE) product line since May 2020.

In line with the increased revenue, the Group's pre-tax profit grew 133.8% to RM37.127 million from RM15.880 million previously due to improved sales mix, lower electricity expense, lower rental expense and lower interest expense. With that, the Group's net profit nearly doubled to RM33.601 million from RM17.277 million previously.

B2 Variation of Results against Preceding Quarter

For 4Q21, the Group revenue increased 5.1% to RM65.744 million from RM62.525 million in the quarter ended 31 January 2021 (3Q21) resulting from higher local sales. Local sales increased by 13.1% to RM46.106 million from RM40.757 million in 3Q21 on higher deliveries of F&B packaging due to higher demand in general. This helped to offset the 9.8% decline in export sales to RM19.638 million from RM21.768 million in 3Q21, mainly due to lower sales of F&B packaging, in line with the past trend in which export sales would be higher during the few months prior to Christmas and New Year. At the same time, the sharp increase in raw material cost in 4Q21 was mitigated by upward adjustment in selling price in stages.

The Group recorded a 23.6% higher profit before tax of RM9.792 million in 4Q21 compared to profit before tax of RM7.921 million in 3Q21, which is in line with higher local sales recorded in 4Q21. Despite the increase in revenue, the Group recorded 6.0% lower net profit of RM7.621 million in 4Q21 versus RM8.104 million in the preceding quarter due to higher income tax expense and deferred tax expense.

B3 Future Prospects

The multiple implementations and extensions of movement control order (MCO) in Malaysia have significantly impacted businesses, which are constantly adapting operations to a much-reduced level of workforce and adhering to the stricter standard operating procedures (SOP) at all times to mitigate the COVID-19 risk.

The Group will continue to adhere to all SOPs to safeguard the health and safety of all employees and to ensure its business continuity amid the ongoing COVID-19 pandemic.

Going forward, the Group will increase its focus on the resilient sales segments in COVID era: the food and beverage (F&B) packaging as its primary target, and personal protective equipment (PPE) as its secondary market.

In the F&B segment, the Group will intensify its marketing efforts in the domestic and export markets to continue growing its F&B packaging sales. At the same time, the Group will continue to produce highly-customised F&B packaging as a one stop customisation solution to customers.

The Group aims to increase the product range and volume sold to the same customers to improve delivery efficiency and enhance loyalty. This would help expand export market contributions, in light of overseas travel restrictions.

In the PPE segment, the Group successfully commenced production and sales of face masks in May 2020 for the Malaysian and export markets including Singapore. We believe that demand will be sustainable, given mandatory face mask-wearing stipulated by government policy in both countries.

With the Malaysia government's aim of achieving herd immunity against COVID-19 by December 2021 and the announcement of economy recovery plan, we are cautiously optimistic that our economy will recover in phases as the pandemic recedes.

B4 Variance of Profit Forecast / Profit Guarantee

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

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Quarter Ended 30 April 2021 (Unaudited)

B5 Tax Expense / (Income)

	Individual 3 months ended 30 April		Cumulative 12 months ended 30 April	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income Tax Expense/(Income):				
Current period	846	706	2,472	1,006
Overprovision in prior year	-	-	(61)	(3)
	846	706	2,411	1,003
Deferred Tax Expense/(Income):				
Current period	1,325	(1,700)	1,115	(2,400)
	2,171	(994)	3,526	(1,397)

The effective tax rates of the Group for the current quarter and current year were lower than the statutory tax rate mainly due to the utilisation of previously unrecognised reinvestment allowance brought forward from prior year, and recognition of deferred tax asset on unabsorbed reinvestment allowance in current year.

B6 Status of Uncompleted Corporate Proposals

There are no outstanding uncompleted corporate proposals as at the date of this quarterly report.

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 30 April 2021 are as follows:-

	Current RM'000	Non-Current RM'000	Total RM'000
Unsecured:			
Lease Liabilities	1,822	1,437	3,259
Borrowings	32,216	38,960	71,176
	34,038	40,397	74,435

All the borrowings were denominated in Ringgit Malaysia.

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Quarter Ended 30 April 2021 (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 fourth interim single tier dividend in respect of the financial year ended 30 April 2021 of 1.70 sen per ordinary share and payable on 29 July 2021 to members registered on 13 July 2021.

B12 Earnings Per Share

	Individual 3 Months Ended 30.04.21 RM'000	Individual 3 Months Ended 30.04.20 RM'000	Cumulative 12 Months Ended 30.04.21 RM'000	Cumulative 12 Months Ended 30.04.20 RM'000
<u>Basic Earnings Per Share</u>				
Profit attributable to equity holders of the parent	7,621	6,863	33,601	17,277
Weighted average number of ordinary shares in issue ('000)*	192,561	192,561	192,561	192,561
Basic earnings per share (sen)	3.96	3.56	17.45	8.97

	Individual 3 Months Ended 30.04.21 RM'000	Individual 3 Months Ended 30.04.20 RM'000	Cumulative 12 Months Ended 30.04.21 RM'000	Cumulative 12 Months Ended 30.04.20 RM'000
<u>Basic Earnings Per Share</u>				
Profit attributable to equity holders of the parent	7,621	6,863	33,601	17,277
Weighted average number of ordinary shares in issue ('000)	192,561*	192,696#	192,561*	192,595#
Basic earnings per share (sen)	3.96	3.56	17.45	8.97

* Adjusted for 1,038,600 shares purchased and retained as treasury shares from the total number of issued shares of 193,599,641 as at 30 April 2021.

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Quarter Ended 30 April 2021 (Unaudited)

B12 Earnings Per Share (cont'd)

Comparative figures were based on quarterly announcement made for the 12 months period ended 30 April 2020.

Diluted Earnings Per Share

There is no diluted earnings per share as there is no potential dilutive ordinary share.

B13 Profit Before Tax

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

	Individual 3 Months Ended 30.04.21 RM'000	Individual 3 Months Ended 30.04.20 RM'000	Cumulative 12 Months Ended 30.04.21 RM'000	Cumulative 12 Months Ended 30.04.20 RM'000
(Gain)/Loss on foreign exchange:				
Realised	(267)	137	(539)	(43)
Unrealised	(93)	(587)	111	(28)
Gain on disposal of property, plant and equipment	-	-	(4)	(451)
Interest income	(11)	(24)	(54)	(78)
Interest expense	643	1,058	3,026	4,856
Allowance for impairment of receivables	47	1,006	47	1,006
Allowance for impairment of receivables no longer required	(83)	(82)	(398)	(405)
Inventories written down / (reversal) of inventories written down	432	244	139	(154)
Depreciation of right-of-use assets	(242)	312	823	1,182
Depreciation of property, plant and equipment	4,046	3,414	14,158	13,622
	=====	=====	=====	=====