

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Period Ended 31 December 2023 (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 requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134 - *Interim Financial Reporting* issued by Malaysia Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 April 2023. The explanatory notes attached to these condensed consolidated interim financial statements, 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 31 December 2023.

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 2023, 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

Effective for the financial period beginning on or after 1 January 2023: -

| | |
|------------------------|--|
| MFRS 17 | Insurance Contracts |
| Amendments to MFRS 17 | Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information |
| Amendments to MFRS 101 | Presentation of Financial Statements: Disclosure of Accounting Policies |
| Amendments to MFRS 108 | Accounting Policies, Change in Accounting Estimates and Errors: Definition of Accounting Estimates |
| Amendments to MFRS 112 | Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction |
| Amendments to MFRS 112 | Income Taxes: International Tax Reform - Pillar Two Model Rules |

(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:

Effective for financial period beginning on or after 1 January 2024: -

| | |
|-----------------------------------|---|
| Amendments to MFRS 16 | Leases: Leases Liability in a Sales and Leaseback |
| Amendments to MFRS 101 | Presentation of Financial Statements: Non-current Liabilities with Covenants |
| Amendments to MFRS 101 | Presentation of Financial Statements: Classification of Liabilities as Current or Non-current |
| Amendments to MFRS 107 and MFRS 7 | Statement of Cash Flows and Financial Instruments: Disclosure - Supplier Finance Arrangements |

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A8 Dividend Paid

No dividends were paid by the company in the current quarter and financial period-to-date.

A9 Segmental Reporting

During the current reporting period, the Group is an Investment Holding.

The income is mainly derived from the gain on disposal of land, interest income from fixed deposit placement and bank in held on trust.

Detailed segmental reporting is not provided as 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 Period 2 Months Ended 31 December 2023 RM'000 | % | Preceding Year Corresponding Period 2 Month Ended 31 December 2022 RM'000 | % |
|--------------|---|----------|--|----------|
| Export sales | - | - | - | - |
| Local sales | - | - | - | - |
| | <u>-</u> | | <u>-</u> | |
| | <u><u>-</u></u> | | <u><u>-</u></u> | |

The Group changed the financial year end from 30 April to 31 December, consequently no comparative figures available for the preceding year corresponding quarter/period ended 31 December 2022.

A10 Valuation of Property, Plant and Equipment

There was no valuation of the property, plant and equipment during the current quarter and financial period-to-date.

A11 Material Subsequent Events

There were no material events subsequent to the end of the current quarter and financial year-to-date that have not been reflected in these interim financial statements, other than as disclosed in Note B6.

A12 Changes in the Composition of the Group

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

A13 Contingent Liabilities

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

A14 Capital Commitments

There were no capital commitments as at the date of this report.

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A15 Significant Related Party Transactions

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

| | Group | | Company | |
|-------------------------------------|--|--|--|--|
| | 8 months ended December 2023 RM'000 | 8 months ended December 2022 RM'000 | 8 months ended December 2023 RM'000 | 8 months ended December 2022 RM'000 |
| Interest charged to a subsidiary | <u>-</u> | <u>-</u> | <u>672</u> | <u>-</u> |
| Interest on loan from a Director | <u>198</u> | <u>-</u> | <u>198</u> | <u>-</u> |

These transactions are under arm's length basis and have been established under negotiated terms.

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

B1 Review of the performance

There was no revenue at the current quarter.

The operating profit mainly arose from gain on disposal of properties, bank interest held on trust and placement of fixed deposit.

Profit before tax for the current quarter was RM6.794 million.

The Company recorded net profit of RM6.594 million in the current quarter.

The Group changed the financial year end from 30 April to 31 December, consequently no comparative figures available for the preceding year corresponding quarter/period ended 31 December 2022.

B2 Comparison with Immediate Preceding Quarter

There was no revenue generated in current and immediate preceding quarter.

The Company recorded profit before tax of RM6.794 million in the current quarter.

The higher profit before tax recorded in current year was due to gain on disposal, bank interest held on trust and placement of fixed deposit.

The Group changed the financial year end from 30 April to 31 December, consequently no comparative figures available for the preceding year corresponding quarter/period ended 31 December 2022.

B3 Future Prospects

With the completion of the disposal of the Company's 100% equity interest in LSSPI, a wholly-owned subsidiary of SCGM to Mitsui & Co., Ltd and FP Corporation ("**Disposal**") and as announced on 2 September 2022, the Company is a "Cash Company" pursuant to Paragraph 8.03(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**").

The Company is taking the necessary process of identifying and acquiring new suitable businesses/assets in order to regularise the condition of the Company within the stipulated timeframe of 12 months from the time the Company is notified by Bursa Securities on 2 September 2022 that it is a "Cash Company" pursuant to Paragraph 8.03(1) of the Listing Requirements upon completion of the Disposal. In this respect, the Company must comply with the provisions and requirements in Paragraph 8.03 and Practice Note 16 of the Listing Requirements.

On 21 August 2023, AmInvestment Bank Berhad had submitted an application for extension of time to submit a regularisation plan to Bursa Securities on behalf of the Group. On 4 October 2023, Securities Commission Malaysia ("SC") has approved on the extension of time to submit the proposed regularisation plan on or before 1 March 2024. Any progress in this regard shall be announced in due course.

B4 Variance of Profit Forecast / Profit Guarantee

The Group did not issue any profit forecast or profit guarantee during the current period and financial period-to-date.

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B5 Tax Expense

| | Individual | | Cumulative | |
|---------------------|---|---|---|---|
| | 2 months ended 31 December 2023 RM'000 | 2 months ended 31 December 2022 RM'000 | 8 months ended 31 December 2023 RM'000 | 8 months ended 31 December 2022 RM'000 |
| Income Tax Expense: | | | | |
| Current period | 262 | - | 704 | - |
| Overprovision: | | | | |
| Prior period | (62) | - | (62) | - |
| | <u>200</u> | <u>-</u> | <u>642</u> | <u>-</u> |

Malaysian income tax is calculated at the statutory tax rate of 24% (2023:24%) of the estimated taxable profits for the financial year.

The reconciliation of tax expenses applicable to profit/loss before tax at the statutory tax rate to the tax expenses at the effective tax rate of the Company are as follows:

| | Individual | | Cumulative | |
|--|---|---|---|---|
| | 2 months ended 31 December 2023 RM'000 | 2 months ended 31 December 2022 RM'000 | 8 months ended 31 December 2023 RM'000 | 8 months ended 31 December 2022 RM'000 |
| Profit before Tax | <u>6,794</u> | <u>-</u> | <u>7,289</u> | <u>-</u> |
| Tax expenses at Malaysia tax rate of 24% (2023:24%) | 1,631 | - | 1,749 | - |
| Income not subject to tax | (1,675) | - | (1,675) | - |
| Expenses not deductible for tax purposes | 306 | - | 630 | - |
| Overprovision of tax expense in prior financial year | <u>(62)</u> | <u>-</u> | <u>(62)</u> | <u>-</u> |
| Total tax expenses | <u>200</u> | <u>-</u> | <u>642</u> | <u>-</u> |

The Group changed the financial year end from 30 April to 31 December, consequently no comparative figures available for the preceding year corresponding quarter/period ended 31 December 2022.

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B6 Status of Utilisation of Disposal of Lee Soon Seng Plastic Industries (LSSPI)

Status of utilisation of Disposal Consideration of approximately RM556.993 million as at 31 December 2023:

| <u>Details of utilisation</u> | <u>Disposal Consideration amount</u> RM'000 | <u>Actual utilisation amount</u> RM'000 | <u>Estimated timeframe for the utilisation</u> | <u>Balance</u> RM'000 | <u>%</u> |
|--|---|---|---|---------------------------------|-----------------|
| Proposed Distribution | 425,560 | 425,560 | Within 9 months | - | - |
| Acquisition of new business/assets to be identified/working capital* | 96,633 | 803 | Within 24 months | 95,830 | 99 |
| Transfer of Properties | 18,800 | 18,800 | Immediately upon the completion of the Disposal | - | - |
| Estimated expenses for the Proposals | 16,000 | 15,610 | Within 2 months | 390 | 2 |
| | <u>556,993</u> | <u>460,773</u> | | <u>96,220</u> | |

** Included an additional Disposal Consideration of RM12.610 million in cash received from Mitsui and FPCO on 4 January 2023, following the post completion adjustments pursuant to the SSA, as announced by the Company on 4 January 2023, which is placed in the account operated by the custodian to be utilised for the acquisition of new business/assets to be identified and/or working capital of the Group.*

Pursuant to the completion of the Disposal, SCGM has triggered Paragraph 8.03(1) and 8.03A(2) of the Listing Requirements.

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B7 Status of Uncompleted Corporate Proposals

1. On 21 August 2023, AmInvestment Bank Berhad had submitted an application for extension of time to submit a regularisation plan to Bursa Securities on behalf of the Group. On 4 October 2023, Securities Commission Malaysia (“SC”) has approved on the extension of time to submit the proposed regularisation plan on or before 1 March 2024. Any progress in this regard shall be announced in due course.
2. Disposal of 3 contiguous parcels of land with located at Mukim Senai, Kulai, Johor Darul Takzim as below: -

| | |
|---------------------------|--|
| Lot 3303 | The disposal of the Lot has been completed with balance consideration of RM2.56 million which has received on 18 th October 2023. |
| Lot 3304 & Lot 3316 | Received consent on transfer of ownership from Pejabat Tanah Daerah Kulai on 31 st October 2023. The disposal of the Lots has been completed with the consideration of RM3.139 million received on 12 th December 2023 and the final balance payment of RM11.858 million on 29 th December 2023. |

The disposal of the 3 contiguous parcels of land has been completed during 2023 financial period.

B8 Quoted Securities

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

B9 Borrowings and Debt Securities

The Group has no borrowings and debts securities as at the end of the reporting period.

B10 Off Balance Sheet Financial Instruments

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

B11 Material Litigation

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

B12 Proposed Dividend

No dividend has been recommended for the current quarter.

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B13 Earnings Per Share

| | Individual 2 Months Ended 31 December 2023 RM'000 | Individual 2 Months Ended 31 December 2022 RM'000 | Cumulative 8 Months Ended 31 December 2023 RM'000 | Cumulative 8 Months Ended 31 December 2022 RM'000 |
|--|--|--|--|--|
| <u>Basic Earnings Per Share</u> | | | | |
| Profit attributable to equity holders of the parent | 6,594 | - | 6,647 | - |
| Weighted average number of ordinary shares in issue ('000) | 192,561* | - | 192,561* | - |
| Basic earnings per share (sen) | 3.42 | - | 3.45 | - |

** 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 31 December 2023.*

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Diluted Earnings Per Ordinary Share

The diluted earnings per ordinary share equals to basic earnings per share as there were no potential dilutive ordinary shares as at end of the reporting period/year.

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B14 Profit Before Tax

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

| | Individual 2 Months Ended 31 December 2023 RM'000 | Individual 2 Months Ended 31 December 2022 RM'000 | Cumulative 8 Months Ended 31 December 2023 RM'000 | Cumulative 8 Months Ended 31 December 2022 RM'000 |
|---|--|--|--|--|
| Auditors' remuneration: - | | | | |
| <u>Statutory audit</u> | | | | |
| - Grant Thornton Malaysia PLT | 27 | - | 27 | - |
| <u>Assurance related services</u> | | | | |
| - Grant Thornton Malaysia PLT | 147 | - | 147 | - |
| <u>Other services</u> | | | | |
| - Local affiliates of Grant Thornton Malaysia PLT | 78 | - | 78 | - |
| Gain on disposal of property, plant and equipment | (6,978) | - | (6,978) | - |
| Interest income | (654) | - | (2,587) | - |
| Interest expense | 50 | - | 198 | - |
| Rental income | <u>-</u> | <u>-</u> | <u>27</u> | <u>-</u> |

The Group changed the financial year end from 30 April to 31 December, consequently no comparative figures available for the preceding year corresponding quarter/period ended 31 December 2022.

By order of The Board.
SCGM BHD

Dated: