

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Period Ended 31 March 2024 (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 period ended 31 December 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 March 2024.

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 period ended 31 December 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

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Period Ended 31 March 2024 (Unaudited)

Part A - Explanatory Notes Pursuant to MFRS 134

A1 Basis of Preparation (cont'd)

Effective for financial period beginning on or after 1 January 2025: -

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability
------------------------	---

Deferred to a date to be determined by the Malaysian Accounting Standards Board: -

Amendments to MFRS 10* and MFRS 128*#	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
--	---

* Not applicable to the Company

Not applicable to the Group.

The initial application of the above standards and amendments are not expected to have any material financial impact to the financial statements of the Group and of the Company.

A2 Summary of Significant Accounting Policies

Adoption of new or revised MFRSs

Significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the financial period ended 31 December 2023, 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 have no material impacts to these interim financial statements.

A3 Auditors' Reports on Preceding Annual Financial Statements

There was no qualification in the audited financial statements for the financial period ended 31 December 2023.

A4 Seasonal or Cyclical Factors

The business operations of the Group were not 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 financial year-to-date, other than as disclosed in Notes B3 and B7.

A6 Changes in Estimates

There were no significant estimates or changes in estimates that have had any material effect as the results of the financial period-to-date.

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Period Ended 31 March 2024 (Unaudited)

A7 Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter and financial period-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.

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 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.

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 March 2023.

A10 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 B7.

A11 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.

A12 Contingent Liabilities

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

A13 Capital Commitments

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

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Period Ended 31 March 2024 (Unaudited)

A14 Significant Related Party Transactions

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

	Group		Company	
	3 months ended March 2024	3 months ended March 2023	3 months ended March 2024	3 months ended March 2023
	RM'000	RM'000	RM'000	RM'000
Interest charged to a subsidiary	<u>-</u>	<u>-</u>	<u>208</u>	<u>-</u>
Interest on loan from a Director	<u>48</u>	<u>-</u>	<u>48</u>	<u>-</u>

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

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 March 2023.

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Period Ended 31 March 2024 (Unaudited)

**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 income mainly arose from bank interest held on trust and placement of fixed deposit.

Loss before tax for the current quarter was RM0.375 million.

The Company recorded net loss of RM0.597 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 March 2023.

B2 Comparison with Immediate Preceding Quarter

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

The Company recorded loss before tax of RM0.375 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 March 2023.

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 has taken 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.

Inter-Pacific Securities Sdn Bhd had submitted an application for extension of time to submit a regularisation plan to Bursa Securities on behalf of the Group. On 16 April 2024, Bursa Securities has approved on the extension of time to submit the proposed regularisation plan on or before 1 September 2024.

On 20 March 2024, the Company announced that it has entered into a Heads of Agreement ("**HOA**") with Chin Kok Tian, Yan Hua Lan, Tan Ah Tek, Gan Chuan Lee, Tey Chee Shin, Tan Tai Chong and Lau Sie Khian (collectively referred to as the "**Vendors**") for the acquisition of all ordinary shares in Eramas Global Group Sdn Bhd ("**Proposed Acquisition**") for a purchase consideration to be determined later.

For information purposes, Eramas Global Group Sdn Bhd and its group of companies ("**Target Group**") is involved in the sale and distribution of coconut related products, palm oil and fat products and dairy products to local and overseas market as well as manufacturing of coconut and palm oil related products.

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Period Ended 31 March 2024 (Unaudited)

B3 Future Prospects (Cont'd)

A detailed announcement will be made on Bursa Securities upon execution of a share sale agreement and any other relevant agreements (if applicable) between the Company and the Vendors pursuant to the Proposed Acquisition (“Definitive Agreement”).

For information purposes, the Proposed Acquisition is intended to form part of the Company’s overall regularisation plan to regularise its condition as a Cash Company in accordance with Paragraph 8.03(5) of the Listing Requirements (“Proposed Regularisation Plan”).

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.

B5 Tax Expense

	Individual		Cumulative	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March	31 March	31 March	31 March
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Income Tax Expense:				
Current period	222	-	222	-
	<hr/>	<hr/>	<hr/>	<hr/>
	222	-	222	-
	<hr/>	<hr/>	<hr/>	<hr/>

Malaysian income tax is calculated at the statutory tax rate of 24% (2024: 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	
	3 months ended	3 months ended	3 months ended	3 months ended
	31 March	31 March	31 March	31 March
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Loss before Tax	(375)	-	(375)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Tax expenses at Malaysia tax rate of 24% (2024: 24%)	(90)	-	(90)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Expenses not deductible for tax purposes	312	-	312	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total tax expenses	222	-	222	-
	<hr/>	<hr/>	<hr/>	<hr/>

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 March 2023.

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Period Ended 31 March 2024 (Unaudited)

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 March 2024:

<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	100
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	0
	556,993	460,773		96,220	

** 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.

B7 Status of Uncompleted Corporate Proposals

Inter-Pacific Securities Sdn Bhd had submitted an application for extension of time to submit a regularisation plan to Bursa Securities on behalf of the Group. On 16 April 2024, Bursa Securities has approved on the extension of time to submit the proposed regularisation plan on or before 1 September 2024.

On 20 March 2024, the Company announced that it has entered into a Heads of Agreement (“HOA”) with Chin Kok Tian, Yan Hua Lan, Tan Ah Tek, Gan Chuan Lee, Tey Chee Shin, Tan Tai Chong and Lau Sie Khian (collectively referred to as the “Vendors”) for the acquisition of all ordinary shares in Eramas Global Group Sdn Bhd (“Proposed Acquisition”) for a purchase consideration to be determined later.

For information purposes, Eramas Global Group Sdn Bhd and its group of companies (“Target Group”) is involved in the sale and distribution of coconut related products, palm oil and fat products and dairy products to local and overseas market as well as manufacturing of coconut and palm oil related products.

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Period Ended 31 March 2024 (Unaudited)

B7 Status of Uncompleted Corporate Proposals (Cont'd)

A detailed announcement will be made on Bursa Securities upon execution of a share sale agreement and any other relevant agreements (if applicable) between the Company and the Vendors pursuant to the Proposed Acquisition (“Definitive Agreement”).

For information purposes, the Proposed Acquisition is intended to form part of the Company’s overall regularisation plan to regularise its condition as a Cash Company in accordance with Paragraph 8.03(5) of the Listing Requirements (“Proposed Regularisation Plan”).

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.

SCGM Bhd [Registration No: 200701021012 (779028-H)]
Notes To The Interim Report
For The Financial Period Ended 31 March 2024 (Unaudited)

B13 Earnings Per Share

	Individual 3 Months Ended 31 March 2024 RM'000	Individual 3 Months Ended 31 March 2023 RM'000	Cumulative 3 Months Ended 31 March 2024 RM'000	Cumulative 3 Months Ended 31 March 2023 RM'000
<u>Basic Earnings Per Share</u>				
Profit attributable to equity holders of the parent	(597)	-	(597)	-
Weighted average number of ordinary shares in issue ('000)	192,561*	-	192,561*	-
Basic earnings per share (sen)	(0.31)	-	(0.31)	-

* 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.

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 March 2023.

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.

B14 Profit Before Tax

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

	Individual 3 Months Ended 31 March 2024 RM'000	Individual 3 Months Ended 31 March 2023 RM'000	Cumulative 3 Months Ended 31 March 2024 RM'000	Cumulative 3 Months Ended 31 March 2023 RM'000
Interest income	(980)	-	(980)	-
Interest expense	48	-	48	-
Rental income	<u>(156)</u>	<u>-</u>	<u>(156)</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 March 2023.

By order of The Board.
SCGM BHD

Dated:30th May 2024