

SC ESTATE BUILDER BERHAD (Company No. 655665-T)
(formerly known as Flonic Hi-Tec Bhd)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE 4TH QUARTER ENDED 31 JANUARY 2017**

| | Current Quarter Ended 31-Jan-17 RM'000 | Comparative Quarter Ended 31-Jan-16 RM'000 | 12 Months Cumulative To Date 31-Jan-17 RM'000 | Comparative 12 Months Cumulative To Date 31-Jan-16 RM'000 |
|---|---|---|--|---|
| Revenue | 10,970 | 3,516 | 45,173 | 17,786 |
| Cost of sales | (9,755) | (1,649) | (41,648) | (14,821) |
| Gross profit | <u>1,215</u> | <u>1,867</u> | <u>3,525</u> | <u>2,965</u> |
| Other operating (loss)/income | (27) | (89) | 560 | 1,344 |
| Operating expenses | (1,979) | (3,910) | (4,454) | (7,380) |
| Loss from operations | <u>(791)</u> | <u>(2,132)</u> | <u>(369)</u> | <u>(3,071)</u> |
| Share of result in associated company | (149) | 127 | (37) | 492 |
| Finance costs | (1) | (87) | (1) | (306) |
| Loss before taxation | <u>(941)</u> | <u>(2,092)</u> | <u>(407)</u> | <u>(2,885)</u> |
| Income Tax | (257) | 50 | (595) | 50 |
| Loss for the period / Total comprehensive loss | <u>(1,198)</u> | <u>(2,042)</u> | <u>(1,002)</u> | <u>(2,835)</u> |
| Profit/(loss) for the period attributable to: | | | | |
| Owners of the Parent | (1,198) | (2,583) | (1,002) | (3,974) |
| Non-Controlling Interest | - | 541 | - | 1,139 |
| | <u>(1,198)</u> | <u>(2,042)</u> | <u>(1,002)</u> | <u>(2,835)</u> |
| Total comprehensive income/(loss) attributable to: | | | | |
| Owners of the Parent | (1,198) | (2,583) | (1,002) | (3,974) |
| Non-Controlling Interest | - | 541 | - | 1,139 |
| | <u>(1,198)</u> | <u>(2,042)</u> | <u>(1,002)</u> | <u>(2,835)</u> |
| Basic loss per ordinary share (sen) | (0.14) | (0.32) | (0.11) | (0.50) |

(The unaudited condensed consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 January 2016 and the accompanying explanatory notes attached to this interim financial statements)

SC ESTATE BUILDER BERHAD (Company No. 655665-T)*(formerly known as Flonic Hi-Tec Bhd)*

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JANUARY 2017**

| | (Unaudited) As at 31-Jan-17 RM'000 | (Audited) As at 31-Jan-16 RM'000 |
|---|---|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 2,707 | 2,456 |
| Investment in associated company | 493 | 530 |
| Other investments | 45 | 1,086 |
| Current Assets | | |
| Inventories | 1,178 | 3,063 |
| Trade receivables | 22,005 | 2,985 |
| Other receivables, deposits and prepayment | 8,074 | 353 |
| Amount due from associated company | 50 | 480 |
| Fixed deposits with a licensed bank | 712 | 21,000 |
| Cash and bank balances | 937 | 632 |
| GST claimable | 15 | - |
| | <u>32,971</u> | <u>28,513</u> |
| TOTAL ASSETS | <u>36,216</u> | <u>32,585</u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 43,948 | 39,953 |
| Share premium | 8,815 | 8,815 |
| Warrants reserve | 1,106 | 1,106 |
| Foreign exchange translation reserve | 146 | 146 |
| Merger deficit | (2,575) | (2,575) |
| Accumulated losses | (19,201) | (18,199) |
| Total equity attributable to the owners of the Company | <u>32,239</u> | <u>29,246</u> |
| Total Equity | <u>32,239</u> | <u>29,246</u> |
| Non-current liabilities | | |
| Hire-purchase payables | 216 | - |
| Current Liabilities | | |
| Trade payables | 982 | 2,416 |
| Other payables, provisions and accruals | 2,184 | 922 |
| Amount due to directors | 14 | - |
| GST payable | 26 | - |
| Hire-purchase payables | 30 | - |
| Current tax liabilities | 525 | 1 |
| | <u>3,761</u> | <u>3,339</u> |
| Total Liabilities | <u>3,977</u> | <u>3,339</u> |
| TOTAL EQUITY AND LIABILITIES | <u>36,216</u> | <u>32,585</u> |
| NTA per share attributable to equity holders of the Company | | |
| - basic (RM) | 0.037 | 0.037 |

(The unaudited condensed consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 January 2016 and the accompanying explanatory notes attached to this interim financial statements)

SC ESTATE BUILDER BERHAD (Company No. 655665-T)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2017**

| | Attributable to Owners of the Company | | | | | | | Non- controlling interest | Total equity |
|--|---------------------------------------|------------------|---------------------|---|-------------------|-----------------------|---|---------------------------------|-----------------|
| | Share capital | Share premium | Warrants reserve | Foreign exchange translation reserve | Merger deficit | Accumulated losses | Attributable to owners of the Company | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| <u>12 Months Period Ended 31 January 2017</u> | | | | | | | | | |
| Balance at 1 February 2016 | 39,953 | 8,815 | 1,106 | 146 | (2,575) | (18,199) | 29,246 | 29,246 | |
| Total comprehensive loss for the period | - | - | - | - | - | (1,002) | (1,002) | (1,002) | |
| Issuance of shares pursuant to private placement | 3,995 | - | - | - | - | - | 3,995 | 3,995 | |
| Balance at 31 January 2017 | <u>43,948</u> | <u>8,815</u> | <u>1,106</u> | <u>146</u> | <u>(2,575)</u> | <u>(19,201)</u> | <u>32,239</u> | <u>32,239</u> | |
| <u>12 Months Period Ended 31 January 2016</u> | | | | | | | | | |
| Balance at 1 February 2015 | 39,953 | 8,815 | 1,106 | 146 | (2,575) | (14,224) | 33,221 | 34,388 | |
| Total comprehensive loss for the period | - | - | - | - | - | (3,975) | (3,975) | (2,835) | |
| Acquisition of non-controlling interest | - | - | - | - | - | - | - | (1) | |
| Disposal of subsidiary companies | - | - | - | - | - | - | - | (2,306) | |
| Balance at 31 January 2016 | <u>39,953</u> | <u>8,815</u> | <u>1,106</u> | <u>146</u> | <u>(2,575)</u> | <u>(18,199)</u> | <u>29,246</u> | <u>29,246</u> | |

(The unaudited condensed consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 January 2016 and the accompanying explanatory notes attached to this interim financial statements)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE YEAR ENDED 31 JANUARY 2017**

| | (Unaudited) 12 Months Ended 31-Jan-17 RM'000 | (Audited) 12 Months Ended 31-Jan-16 RM'000 |
|---|--|--|
| Cash Flows From Operating Activities | | |
| Loss before taxation | (407) | (2,885) |
| Adjustments for :- | | |
| Bad debts written off | - | 101 |
| Depreciation | 357 | 662 |
| Impairment loss on inventories | 245 | - |
| Impairment loss for quoted shares investments | 10 | 331 |
| Impairment loss on trade receivables | - | 7 |
| Interest expense | 1 | 306 |
| Inventories written down | - | 245 |
| Loss on disposal of investment | 188 | - |
| Loss on disposal of subsidiary companies | - | 1,767 |
| Property, plant and equipment written off | - | 670 |
| Dividend income | (400) | (1) |
| Reversal of impairment loss on receivables | - | (757) |
| Reversal of inventories written down | - | (261) |
| Gain on disposal of property, plant and equipment | - | (4) |
| Share of result of an associated company | - | (491) |
| Interest income | (197) | (737) |
| Operating profit/(loss) before working capital changes | (203) | (1,047) |
| Decrease/(Increase) in inventories | 1,640 | (517) |
| Increase in receivables | (26,758) | (1,733) |
| Increase in payables | 91 | 15 |
| Cash used in operations | (25,230) | (3,282) |
| Interest paid | (1) | (306) |
| Interest received | 197 | 737 |
| Tax paid | (70) | (306) |
| Net cash used in operating activities | (25,104) | (3,157) |
| Cash Flows From Investing Activities | | |
| Advances from associated company | 467 | - |
| Dividend received from an associated company | - | 629 |
| Investment in other investment | (165) | (1,417) |
| Net cashflow from disposal of subsidiary company | - | 3,788 |
| Purchase of property, plant and equipment | (608) | (1,303) |
| Proceeds from disposal of property, plant and equipment | - | 11 |
| Proceeds from disposal of investment | 1,017 | - |
| Net cash generated from investing activities | 711 | 1,708 |
| Cash Flows From Financing Activities | | |
| Repayment of term loan | - | (297) |
| Proceeds from issuance of shares pursuant to private placement | 3,995 | - |
| Dividend income | 400 | - |
| Repayment to an associated company | - | (746) |
| Advances from/(Repayment to) directors | 15 | (318) |
| Repayment of hire purchase payables | - | (100) |
| Net cash generated from/(used in) financing activities | 4,410 | (1,461) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (19,983) | (2,910) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | 21,632 | 24,542 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD | 1,649 | 21,632 |
| CASH AND CASH EQUIVALENTS COMPRISE: | | |
| Cash and bank balances | 937 | 632 |
| Fixed deposits with a licensed bank | 712 | 21,000 |
| | 1,649 | 21,632 |

(The unaudited condensed consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 January 2016 and the accompanying explanatory notes attached to this interim financial statements)

SC ESTATE BUILDER BERHAD
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NOTES TO THE QUARTERLY REPORT – 31 JANUARY 2017

A. EXPLANATORY NOTES AS PER MFRS 134 - INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with MFRS 134 – Interim Financial Reporting, and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market.

The accounting policies and method of computation adopted for the interim financial statements were consistent with those adopted for the audited financial statements for the year ended 31 January 2016.

A2. Auditors’ Report

The auditors’ report on the audited annual financial statements for the financial year ended 31 January 2016 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

The operations of the Group were not affected by any seasonal or cyclical factors.

A4. Unusual Items

During the current quarter under review, there were no items or events that arose, which affected the assets, liabilities, equity, net income or cash flows, which are unusual by reason of their nature, size or incidence.

A5. Changes in Estimates

There were no changes in the estimates of amounts reported that have a material effect on the results in the current quarter under review.

A6. Issuance and Repayment of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current quarter under review.

A7. Dividend Paid

There was no dividend declared or paid by the Company during the quarter under review.

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 (Company No : 655665-T)
 Incorporated in Malaysia

NOTES TO THE QUARTERLY REPORT – 31 JANUARY 2017
A. EXPLANATORY NOTES AS PER MFRS 134 - INTERIM FINANCIAL REPORTING

A8. Segmental Information

Segment information is presented in respect of the Group's business segments which are based on internal reporting structure presented to the management of the Company.

| | 12 months ended 31-Jan-17 | 12 months ended 31-Jan-16 |
|--|--|--|
| | RM'000 | RM'000 |
| Segment Revenue | | |
| Trading of building material | 5,469 | - |
| Trading of aluminium and machine parts | 13,916 | 14,763 |
| Investment holding & others | - | 1 |
| Project management services | 27,776 | 5,276 |
| Manufacture of furniture | - | 556 |
| | <u>47,161</u> | <u>20,596</u> |
| Elimination of inter-segment revenue | <u>(1,988)</u> | <u>(2,809)</u> |
| Total revenue | <u>45,173</u> | <u>17,786</u> |
| Segment Results | | |
| Trading of building materials | 95 | (74) |
| Trading of aluminium and machine parts | (1,110) | (581) |
| Investment holding & others | (526) | (2,654) |
| Project management services | 2,502 | 710 |
| Management services | (1,330) | - |
| Marketing | - | (4) |
| Manufacture of furniture | - | (468) |
| | <u>(369)</u> | <u>(3,071)</u> |
| Results from operations | (369) | (3,071) |
| Share of results in associated company | (37) | 492 |
| Finance cost | (1) | (306) |
| Loss before taxation | <u>(407)</u> | <u>(2,885)</u> |

A9. Valuation of Property, Plant and Equipment

The property, plant and equipment of the Group have not been revalued during the current quarter under review.

A10. Material Events Subsequent to the end of the Interim Reporting Period

There were no material events since the end of the current quarter to the date of this announcement that have not been reflected in the interim financial statements.

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(Company No : 655665-T)
Incorporated in Malaysia

NOTES TO THE QUARTERLY REPORT – 31 JANUARY 2017

A. EXPLANATORY NOTES AS PER MFRS 134 - INTERIM FINANCIAL REPORTING

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

A12. Contingent Liabilities

As at 31 January 2017, the Group has no outstanding contingent liabilities.

A13. Capital Commitments

As at 31 January 2017, the Group did not have any capital commitments.

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 (Company No : 655665-T)
 Incorporated in Malaysia

NOTES TO THE QUARTERLY REPORT – 31 JANUARY 2017
A. EXPLANATORY NOTES AS PER MFRS 134 - INTERIM FINANCIAL REPORTING

B1. Review of Performance

The Group registered a higher revenue of RM10.970 million and RM45,173 million for the current quarter and period to date as compared to RM3.516 million and RM17.786 million for the preceding year corresponding quarter and period to date respectively. The increase in revenue for the current quarter and period to date was mainly attributable to higher revenue achieved by the project management segment.

In consequent thereto, the Group registered a lower loss before taxation of RM0.941 million and RM0.407 million for the current quarter and period to date as compared to a loss before taxation of RM2.092 million and RM2.885 million for the preceding year corresponding quarter and period to date respectively.

B2. Material Changes in Quarterly Results Compared to the Results of the Preceding Quarter

| | Current quarter ended 31-Jan-17 RM'000 | Preceding quarter ended 31-Oct-16 RM'000 |
|--------------------------------|---|---|
| Turnover | 10,970 ===== | 15,450 ===== |
| (Loss)/ Profit before taxation | (941) ===== | 400 ===== |

Turnover for current quarter was RM10.970 million as compared to immediate preceding quarter of RM15.540 million. There was a decrease of RM4.480 million in turnover for the current quarter as compared to immediate preceding quarter. The decrease in turnover was due to lower progress claims in project management services segment and lower sales in building material segment.

The Group recorded a loss before taxation of RM0.941 million on a turnover of RM10.970 million for the current quarter under review compared to a profit before taxation of RM0.400 million on a turnover of RM15.450 million for the immediate preceding quarter.

B3. Commentary on Prospects

The current project in Melaka is expected to be completed in March 2017. The Group strives to secure additional projects to ensure the future profitability of the Group. Meanwhile, the building materials division is expanding its workforce for its plan to penetrate into different type of building materials to cater for affordable housing scheme.

NOTES TO THE QUARTERLY REPORT – 31 JANUARY 2017
A. EXPLANATORY NOTES AS PER MFRS 134 - INTERIM FINANCIAL REPORTING

B4. Variance of Actual Profit from Forecast Profit

This is not applicable as no profit forecast was published.

B5. Profits on Sale of Unquoted Investments and/or Properties

There were no disposals of unquoted investments or properties during the current quarter under review.

B6. Corporate Proposals

(a) Status of Corporate Proposals

On 26 January 2017, SC Estate Builder Berhad (formerly known as Flonic Hi-Tec Bhd) ("SEBB") announced that the Company proposed to undertake the following:-

- i. a par value reduction via the cancellation of RM0.04 of the par value of every existing ordinary share of RM0.05 each in the issued and paid-up share capital of SEBB pursuant to Section 64 of the Companies Act 1965 ("Proposed Par Value Reduction");
- ii. a renounceable rights issue of up to 6,394,619,360 Rights Shares on the basis of 5 Rights Shares for every 1 SEBB Share held, together with up to 2,557,847,744 Warrants C on the basis of 2 Warrants C for every 5 Rights Shares subscribed for, based on an entitlement date to be determined later upon the completion of the Proposed Par Value Reduction ("Proposed Rights Issue with Warrants");
- iii. an exemption to Takzim Empayar Sdn Bhd, SC Estate World Sdn Bhd and the persons acting in concert from the obligation to undertake a mandatory take-over offer for all the remaining SEBB Shares not already held by them pursuant to the Proposed Rights Issue with Warrants under subparagraph 4.08(1) of the rules on Take-overs, Mergers and Compulsory Acquisition issued by the Securities Commission Malaysia ("Proposed Exemption");
- iv. a diversification of its existing principal activities to include construction and its related business ("Proposed Diversification");
- v. an increase in authorised share capital of SEBB from RM100,000,000 comprising 2,000,000,000 ordinary shares of RM0.05 each in SEBB to RM200,000,000 comprising 20,000,000,000 ordinary shares of RM0.01 each in SEBB ("Proposed Increase In Authorised Share Capital"); and
- vi. an amendment to the Memorandum of Association of SEBB ("Proposed Amendment").

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NOTES TO THE QUARTERLY REPORT – 31 JANUARY 2017
A. EXPLANATORY NOTES AS PER MFRS 134 - INTERIM FINANCIAL REPORTING

On 10 March 2017, the Company, after having taking into consideration the relevant provisions under the Companies Acts 2016 ("CA 2016") which had come into effect on 31 January 2017 including amongst others, the abolishment of par value regime and consequently the concept of authorised share capital, revised the earlier announced proposals to the following

- i. A capital reduction exercise pursuant to Section 115(a) read with Section 116 of the CA 2016, by reducing and cancelling the issued share capital of SEBB which is lost or unrepresented by available assets to the extent of RM21,711,529 as at 31 October 2016 ("Proposed Capital Reduction");
- ii. A renounceable rights issue of up to 6,394,619,360 Rights Shares on the basis of 5 Rights Shares for every 1 SEBB Share held, together with up to 2,557,847,744 Warrants C on the basis of 2 Warrants C for every 5 Rights Shares subscribed for, based on an entitlement date to be determined later upon the completion of the Proposed Capital Reduction ("Proposed Rights Issue with Warrants");
- iii. An exemption to Takzim Empayar Sdn Bhd ("TESB"), SC Estate World Sdn Bhd ("SEWSB") and the Persons Acting In Concert ("PACs") from the obligation to undertake a mandatory take-over offer for all the remaining SEBB Shares not already held by them pursuant to the Proposed Rights Issue with Warrants under subparagraph 4.08(1) of the Rules on Take-overs, Mergers and Compulsory Acquisition issued by the Securities Commission Malaysia ("Proposed Exemption"); and
- iv. A diversification of its existing principal activities to include construction and its related business ("Proposed Diversification")

(Collectively referred to as the "Proposals")

On 13 March 2017, the Company announced that the applications in relation to the Proposals had been submitted to Bursa Malaysia Securities Berhad.

B7. Off Balance Sheet Financial Instruments

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

B8. Material Litigation

There was no pending material litigation as at the date of this report.

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NOTES TO THE QUARTERLY REPORT – 31 JANUARY 2017
A. EXPLANATORY NOTES AS PER MFRS 134 - INTERIM FINANCIAL REPORTING

B9. Loss per Share

The basic loss per share was calculated by dividing the net loss for the period by the weighted average number of ordinary shares in issue during the period.

| | Quarter ended | | Year to date | |
|--|---------------|-----------|--------------|-----------|
| | 31-Jan-17 | 31-Jan-16 | 31-Jan-17 | 31-Jan-16 |
| Net loss for the financial period (RM '000) | (1,198) | (2,042) | (1,002) | (2,835) |
| Weighted average number of ordinary shares of 5 sen each in issue ('000) | 878,965 | 799,509 | 878,965 | 799,059 |
| Basic loss per ordinary share of 5 sen each (sen) | (0.14) | (0.32) | (0.11) | (0.50) |

B10. Realised and Unrealised Accumulated Losses

| | As at 31-Jan-17 RM'000 | As at 31-Jan-16 RM'000 |
|--|------------------------------|------------------------------|
| Total accumulated losses of the Group | | |
| - Realised | (17,175) | (16,400) |
| - Unrealised | - | - |
| | <u>(17,175)</u> | <u>(16,400)</u> |
| Total share of accumulated losses from associated companies | | |
| - Realised | (38) | (62) |
| - Unrealised | - | - |
| | <u>(17,213)</u> | <u>(16,462)</u> |
| Less: Consolidated adjustments | (1,988) | (1,737) |
| Total accumulated losses as per Statements of Financial Position | <u>(19,201)</u> | <u>(18,199)</u> |

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NOTES TO THE QUARTERLY REPORT – 31 JANUARY 2017
A. EXPLANATORY NOTES AS PER MFRS 134 - INTERIM FINANCIAL REPORTING

B11. Notes to the Statements of Profit or Loss and Other Comprehensive Income

| | Current quarter ended 31-Jan-17 RM'000 | Current year to date 31-Jan-17 RM'000 |
|-----------------------------|---|--|
| Depreciation & amortisation | 185 | 357 |
| Interest income | (96) | (197) |

Other than as disclosed above, the Group does not have other material items that are recognised as profit or loss in the Statements of Profit or Loss and Other Comprehensive Income.

BY ORDER OF THE BOARD

LOH BOON GINN
Managing Director