

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 1ST QUARTER ENDED 30 APRIL 2017

	Current Quarter Ended <u>30-Apr-17</u> RM'000	Comparative Quarter Ended <u>30-Apr-16</u> RM'000	3 Months Cumulative To Date <u>30-Apr-17</u> RM'000	Comparative 3 Months Cumulative To Date <u>30-Apr-16</u> RM'000
Revenue	8,866	2,106	8,866	2,106
Cost of sales	(8,150)	(1,989)	(8,150)	(1,989)
Gross profit	<u>716</u>	<u>117</u>	<u>716</u>	<u>117</u>
Other operating income	12	216	12	216
Operating expenses	(809)	(723)	(809)	(723)
Loss from operations	<u>(81)</u>	<u>(390)</u>	<u>(81)</u>	<u>(390)</u>
Share of result in associated company	98	130	98	130
Finance costs	-	-	-	-
Profit/(Loss) before taxation	<u>17</u>	<u>(260)</u>	<u>17</u>	<u>(260)</u>
Income Tax	(75)	-	(75)	-
Loss for the period / Total comprehensive loss	<u>(58)</u>	<u>(260)</u>	<u>(58)</u>	<u>(260)</u>
Loss for the period attributable to:				
Owners of the Parent	(58)	(260)	(58)	(260)
Non-Controlling Interest	-	-	-	-
	<u>(58)</u>	<u>(260)</u>	<u>(58)</u>	<u>(260)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Parent	(58)	(260)	(58)	(260)
Non-Controlling Interest	-	-	-	-
	<u>(58)</u>	<u>(260)</u>	<u>(58)</u>	<u>(260)</u>
Basic loss per ordinary share (sen)	(0.01)	(0.03)	(0.01)	(0.03)

(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 2017 and the accompanying explanatory notes attached to this interim financial statements)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS AT 30 APRIL 2017**

	(Unaudited) As at 30-Apr-17 RM'000	(Audited) As at 31-Jan-17 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	2,623	2,707
Investment in associated company	592	493
Other investments	35	35
Current Assets		
Inventories	1,206	1,186
Trade receivables	27,862	23,394
Other receivables, deposits and prepayment	2,597	6,688
Amount due from associated company	-	50
Fixed deposits with a licensed bank	-	712
Cash and bank balances	1,692	937
GST claimable	11	-
	<u>33,368</u>	<u>32,967</u>
TOTAL ASSETS	<u>36,618</u>	<u>36,202</u>
EQUITY AND LIABILITIES		
Share capital	43,948	43,948
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	(19,250)	(19,192)
Total equity attributable to the owners of the Company	<u>32,190</u>	<u>32,248</u>
Total Equity	<u>32,190</u>	<u>32,248</u>
Non-current liabilities		
Hire-purchase payables	-	216
Current Liabilities		
Trade payables	1,409	982
Other payables, provisions and accruals	2,318	2,187
Amount due to directors	185	14
GST payable	40	-
Hire-purchase payables	-	30
Current tax liabilities	476	525
	<u>4,428</u>	<u>3,738</u>
Total Liabilities	<u>4,428</u>	<u>3,954</u>
TOTAL EQUITY AND LIABILITIES	<u>36,618</u>	<u>36,202</u>
NTA per share attributable to equity holders of the Company		
- basic (RM)	0.037	0.038

(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 2017 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 30 APRIL 2017**

	Attributable to Owners of the Company						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			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 Months Period Ended 30 April 2017									
Balance at 1 February 2017	43,948	8,815	1,106	146	(2,575)	(19,192)	32,248	-	32,248
Total comprehensive loss for the period	-	-	-	-	-	(58)	(58)	-	(58)
Balance at 30 April 2017	<u>43,948</u>	<u>8,815</u>	<u>1,106</u>	<u>146</u>	<u>(2,575)</u>	<u>(19,250)</u>	<u>32,190</u>	<u>-</u>	<u>32,190</u>
3 Months Period Ended 30 April 2016									
Balance at 1 February 2016	39,953	8,815	1,106	146	(2,575)	(18,199)	29,246	1,167	30,413
Total comprehensive loss for the period	-	-	-	-	-	(260)	(260)	1,140	880
Balance at 30 April 2016	<u>39,953</u>	<u>8,815</u>	<u>1,106</u>	<u>146</u>	<u>(2,575)</u>	<u>(18,459)</u>	<u>28,986</u>	<u>2,307</u>	<u>31,293</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 2017 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 CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2017**

	3 Months Ended 30-Apr-17 RM'000	3 Months Ended 30-Apr-16 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	17	(260)
Adjustments for :-		
Depreciation	107	81
Interest income	(12)	(168)
Operating profit/(loss) before working capital changes	112	(347)
Increase in inventories	(19)	(223)
Increase in receivables	(388)	(3,509)
Increase/(decrease) in payables	601	(476)
<i>Cash generated from/(used in) operations</i>	306	(4,555)
Interest received	12	168
Tax paid	(125)	-
Net cash generated from/(used in) operating activities	193	(4,387)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(24)	(84)
Net cash used in investing activities	(24)	(84)
Cash Flows From Financing Activities		
Advance from an associated company	-	24
(Repayment to)/Advance from a related company	(50)	350
Advance from/(Repayment to) director	170	45
Repayment of hire purchase payables	(246)	-
Net cash (used in)/generated from financing activities	(126)	419
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	43	(4,052)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	1,649	21,632
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	1,692	17,580
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	1,692	17,580
Fixed deposits with a licensed bank	-	-
	1,692	17,580

(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 2017 and the accompanying explanatory notes attached to this interim financial statements)

NOTES TO THE QUARTERLY REPORT – 30 APRIL 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 2017.

A2. Auditors’ Report

The auditors’ report on the audited annual financial statements for the financial year ended 31 January 2017 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.

NOTES TO THE QUARTERLY REPORT – 30 APRIL 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.

	3 months ended 30-Apr-17	3 months ended 30-Apr-16
	RM'000	RM'000
Segment Revenue		
Trading of building material	3,055	-
Trading of aluminium and machine parts	3,033	2,457
Project management services	3,086	-
	<u>9,174</u>	<u>2,457</u>
Elimination of inter-segment revenue	<u>(308)</u>	<u>(351)</u>
Total revenue	<u>8,866</u>	<u>2,106</u>
Segment Results		
Trading of building materials	95	-
Trading of aluminium and machine parts	(260)	(204)
Investment holding & others	(218)	(186)
Project management services	226	-
Results from operations	<u>(157)</u>	<u>(390)</u>
Share of results in associated company	99	130
Finance cost	-	-
Loss before taxation	<u>(58)</u>	<u>(260)</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.

A11. Changes in the Composition of the Group

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

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NOTES TO THE QUARTERLY REPORT – 30 APRIL 2017
A. EXPLANATORY NOTES AS PER MFRS 134 - INTERIM FINANCIAL REPORTING

A12. Contingent Liabilities

As at 30 April 2017, the Group has no outstanding contingent liabilities.

A13. Capital Commitments

As at 30 April 2017, the Group did not have any capital commitments.

NOTES TO THE QUARTERLY REPORT – 30 APRIL 2017

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

B1. Review of Performance

The Group registered a higher revenue of RM8.866 million for the current quarter and period to date as compared to RM2.106 million for the preceding year corresponding quarter and period to date. The increase in revenue for the current quarter and period to date was mainly attributable to revenue generated from project management services, trading of building materials as well as higher revenue achieved by the trading of aluminium and machine parts.

In consequent thereto, the Group registered a profit before taxation of RM0.017 million for the current quarter and period to date as compared to a loss before taxation of RM0.260 million for the preceding year corresponding quarter and period to date.

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

	Current quarter ended 30-Apr-17 RM'000	Preceding quarter ended 31-Jan-17 RM'000
Turnover	8,866 =====	10,970 =====
Profit/(Loss) before taxation	17 =====	(941) =====

Turnover for current quarter was RM8.866 million as compared to immediate preceding quarter of RM10.970 million. There was a decrease of RM2.104 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 as a result of the completion of the project in Melaka in March 2017, despite increase in revenue for the trading of building materials and trading of aluminium and machine parts segment.

The Group recorded a profit before taxation of RM0.017 million on a turnover of RM8.866 million for the current quarter under review compared to a loss before taxation of RM0.941 million on a turnover of RM10.970 million for the immediate preceding quarter. The improved results in the current quarter as compared to the immediate preceding quarter was mainly due to lower administrative expenses incurred in the current quarter.

B3. Commentary on Prospects

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 – 30 APRIL 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”).

NOTES TO THE QUARTERLY REPORT – 30 APRIL 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 (Bursa Securities").

On 1 June 2017, the Company announced that Bursa Securities, via its letter dated 1 June 2017, has resolved to approve the following:-

- i. admission to the Official List and the initial listing and quotation of up to 2,557,847,744 Warrants C to be issued pursuant to the Proposed Rights Issue with Warrants;
- ii. listing of up to 6,394,619,360 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
- iii. listing of up to 2,557,847,744 new SEBB Shares to be issued pursuant to the exercise of Warrants C;
- iv. listing of up to 475,238,305 additional Warrants B to be issued arising from the adjustments in accordance with provisions of the Deed Poll for Warrants B, pursuant to the Proposed Rights Issue with Warrants ("Additional Warrants B"); and

NOTES TO THE QUARTERLY REPORT – 30 APRIL 2017

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

- v. listing of up to 475,238,305 new SEBB Shares to be issued pursuant to the exercise of the Additional Warrants B.

The approval by Bursa Securities for the Proposed Rights Issue with Warrants is subject to the following conditions:-

- i. SEBB and RHBIB must fully comply with the relevant provisions under the ACE Market Listing Requirements pertaining to the implementation of the Proposed Rights Issue with Warrants.
- ii. SEBB and RHBIB to inform Bursa Securities upon the completion of the Proposed Rights Issue with Warrants.
- iii. SEBB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Warrants is completed.
- iv. SEBB to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants C as at the end of each quarter together with a detailed computation of listing fees payable.

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.

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	
	30-Apr-17	30-Apr-16	30-Apr-17	30-Apr-16
Net loss for the financial period (RM'000)	(58)	(260)	(58)	(260)
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)	(0.006)	(0.033)	(0.006)	(0.033)

NOTES TO THE QUARTERLY REPORT – 30 APRIL 2017
A. EXPLANATORY NOTES AS PER MFRS 134 - INTERIM FINANCIAL REPORTING

B10. Realised and Unrealised Accumulated Losses

	As at 30-Apr-17 RM'000	As at 30-Apr-16 RM'000
Total accumulated losses of the Group		
- Realised	(17,323)	(16,694)
- Unrealised	-	17
	<u>(17,323)</u>	<u>(16,677)</u>
Total share of accumulated losses from associated companies		
- Realised	61	(45)
- Unrealised	-	-
	<u>(17,262)</u>	<u>(16,722)</u>
Less: Consolidated adjustments	(1,988)	(1,737)
Total accumulated losses as per Statements of Financial Position	<u>(19,250)</u>	<u>(18,459)</u>

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

	Current quarter ended 30-Apr-17 RM'000	Current year to date 30-Apr-17 RM'000
Depreciation & amortisation	107	107
Interest income	(12)	(12)

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