

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 2ND QUARTER ENDED 31 JULY 2017

| | Current Quarter Ended 31-Jul-17 RM'000 | Comparative Quarter Ended 31-Jul-16 RM'000 | 6 Months Cumulative To Date 31-Jul-17 RM'000 | Comparative 6 Months Cumulative To Date 31-Jul-16 RM'000 |
|---|--|--|--|---|
| Revenue | 2,972 | 16,647 | 11,838 | 18,753 |
| Cost of sales | (2,813) | (15,833) | (10,963) | (17,823) |
| Gross profit | <u>159</u> | <u>814</u> | <u>875</u> | <u>930</u> |
| Other operating income | 16 | 278 | 27 | 495 |
| Operating expenses | (1,048) | (720) | (1,856) | (1,442) |
| (Loss)/Profit from operations | <u>(873)</u> | <u>372</u> | <u>(954)</u> | <u>(17)</u> |
| Share of result in associated company | (16) | 22 | 82 | 151 |
| Finance costs | - | - | - | - |
| (Loss)/Profit before taxation | <u>(889)</u> | <u>394</u> | <u>(872)</u> | <u>134</u> |
| Income Tax | - | (74) | (75) | (74) |
| (Loss)/Profit for the period / Total comprehensive (loss)/income | <u>(889)</u> | <u>320</u> | <u>(947)</u> | <u>60</u> |
| (Loss)/Profit for the period attributable to: | | | | |
| Owners of the Parent | (889) | 320 | (947) | 60 |
| Non-Controlling Interest | - | - | - | - |
| | <u>(889)</u> | <u>320</u> | <u>(947)</u> | <u>60</u> |
| Total comprehensive (loss)/income attributable to: | | | | |
| Owners of the Parent | (889) | 320 | (947) | 60 |
| Non-Controlling Interest | - | - | - | - |
| | <u>(889)</u> | <u>320</u> | <u>(947)</u> | <u>60</u> |
| Basic (loss)/earnings per ordinary share (sen) | (0.10) | 0.04 | (0.11) | 0.01 |

(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)

SC ESTATE BUILDER BERHAD (Company No. 655665-T)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 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 | 2,519 | 2,707 |
| Investment in associated company | 530 | 493 |
| Other investments | 35 | 35 |
| Current Assets | | |
| Inventories | 1,265 | 1,186 |
| Trade receivables | 27,390 | 23,394 |
| Other receivables, deposits and prepayment | 2,162 | 6,688 |
| Amount due from associated company | 245 | 50 |
| Fixed deposits with a licensed bank | - | 712 |
| Cash and bank balances | 2,031 | 937 |
| GST claimable | 26 | - |
| | <u>33,119</u> | <u>32,967</u> |
| TOTAL ASSETS | <u>36,203</u> | <u>36,202</u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 44,154 | 43,948 |
| Share premium | 8,423 | 8,815 |
| Warrants reserve | 1,106 | 1,106 |
| Foreign exchange translation reserve | 146 | 146 |
| Merger deficit | (2,575) | (2,575) |
| Accumulated losses | (20,139) | (19,192) |
| Total equity attributable to the owners of the Company | <u>31,115</u> | <u>32,248</u> |
| Total Equity | <u>31,115</u> | <u>32,248</u> |
| Non-current liabilities | | |
| Hire-purchase payables | - | 216 |
| Current Liabilities | | |
| Trade payables | 2,000 | 982 |
| Other payables, provisions and accruals | 2,607 | 2,187 |
| Amount due to directors | 6 | 14 |
| GST payable | 11 | - |
| Hire-purchase payables | - | 30 |
| Current tax liabilities | 464 | 525 |
| | <u>5,088</u> | <u>3,738</u> |
| Total Liabilities | <u>5,088</u> | <u>3,954</u> |
| TOTAL EQUITY AND LIABILITIES | <u>36,203</u> | <u>36,202</u> |
| NTA per share attributable to equity holders of the Company - basic (RM) | 0.035 | 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)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2017**

| | Attributable to Owners of the Company | | | | | | | | |
|---|---------------------------------------|---------------|------------------------------------|--------------------------------------|----------------|--------------------|---------------------------------------|--------------------------|---------------|
| | Share capital | Share premium | Non-Distributable Warrants reserve | Foreign exchange translation reserve | Merger deficit | Accumulated losses | Attributable to owners of the Company | Non-controlling interest | Total equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 6 Months Period Ended 31 July 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 | - | - | - | - | - | (947) | (947) | - | (947) |
| Exercise of warrants | 206 | - | - | - | - | - | 206 | - | 206 |
| Expenses incurred in relation to Rights Issue with Warrants | - | (392) | - | - | - | - | (392) | - | (392) |
| Balance at 31 July 2017 | <u>44,154</u> | <u>8,423</u> | <u>1,106</u> | <u>146</u> | <u>(2,575)</u> | <u>(20,139)</u> | <u>31,115</u> | <u>-</u> | <u>31,115</u> |
| 6 Months Period Ended 31 July 2016 | | | | | | | | | |
| Balance at 1 February 2016 | 39,953 | 8,815 | 1,106 | 146 | (2,575) | (18,199) | 29,246 | - | 29,246 |
| Total comprehensive income for the period | - | - | - | - | - | 60 | 60 | - | 60 |
| Issuance of shares pursuant to private placement | 3,995 | - | - | - | - | - | 3,995 | - | 3,995 |
| Balance at 31 July 2016 | <u>43,948</u> | <u>8,815</u> | <u>1,106</u> | <u>146</u> | <u>(2,575)</u> | <u>(18,139)</u> | <u>33,301</u> | <u>-</u> | <u>33,301</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)

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

| | 6 Months Ended 31-Jul-17 RM'000 | 6 Months Ended 31-Jul-16 RM'000 |
|---|--|--|
| Cash Flows From Operating Activities | | |
| (Loss)/Profit before taxation | (872) | 134 |
| Adjustments for :- | | |
| Depreciation | 212 | 169 |
| Provision for taxation | (75) | - |
| Interest income | (27) | (202) |
| Operating (loss)/profit before working capital changes | (762) | 101 |
| (Increase)/decrease in inventories | (79) | 1,300 |
| Decrease/(Increase) in receivables | 504 | (23,036) |
| Increase/(decrease) in payables | 1,525 | (1,009) |
| Cash generated from/(used in) operations | 1,188 | (22,644) |
| Interest received | 27 | 202 |
| Tax paid | (136) | - |
| Net cash generated from/(used in) operating activities | 1,079 | (22,442) |
| Cash Flows From Investing Activities | | |
| Advances (to)/from associated company | (231) | 642 |
| Purchase of property, plant and equipment | (25) | (204) |
| Proceeds from disposal of investment | - | 93 |
| Purchase of quoted shares | - | (165) |
| Net cash (used in)/generated from investing activities | (256) | 366 |
| Cash Flows From Financing Activities | | |
| Proceeds from issuance of shares pursuant to private placement | 206 | 3,995 |
| Expenses incurred in relation to Rights Issue with Warrants | (392) | - |
| (Repayment to)/Advance from director | (9) | 48 |
| Repayment of hire purchase payables | (246) | - |
| Net cash (used in)/generated from financing activities | (441) | 4,043 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 382 | (18,033) |
| 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 | 2,031 | 3,599 |
| CASH AND CASH EQUIVALENTS COMPRISE: | | |
| Cash and bank balances | 2,031 | 3,599 |
| | 2,031 | 3,599 |

(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)

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NOTES TO THE QUARTERLY REPORT – 31 JULY 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.

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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.

| | Current Quarter | | Year-To-Date | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31-Jul-17 RM'000 | 31-Jul-16 RM'000 | 31-Jul-17 RM'000 | 31-Jul-16 RM'000 |
| Segment Revenue | | | | |
| Trading of building material | 816 | 3,790 | 3,871 | 3,790 |
| Trading of aluminium and machine parts | 2,545 | 5,020 | 5,578 | 7,477 |
| Project management services | - | 8,642 | 3,086 | 8,642 |
| | <u>3,361</u> | <u>17,452</u> | <u>12,535</u> | <u>19,909</u> |
| Elimination of inter-segment revenue | (389) | (805) | (697) | (1,156) |
| Total revenue | <u>2,972</u> | <u>16,647</u> | <u>11,838</u> | <u>18,753</u> |
| Segment Results | | | | |
| Trading of building materials | (39) | 143 | 79 | 143 |
| Trading of aluminium and machine parts | (341) | 15 | (601) | (188) |
| Investment holding & others | (468) | (33) | (687) | (219) |
| Project management services | (25) | 227 | 254 | 227 |
| Management services | - | 20 | - | 20 |
| Results from operations | <u>(873)</u> | <u>372</u> | <u>(955)</u> | <u>(17)</u> |
| Share of results in associated company | (16) | 22 | 83 | 151 |
| (Loss)/Profit before taxation | <u>(889)</u> | <u>394</u> | <u>(872)</u> | <u>134</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

On 22 June 2017, the Company acquired two (2) ordinary shares of RM1/- per share of SC Estate IBS Sdn. Bhd. (Company No. 1217741-U) ("SCE IBS") from Mr. Loh Boon Ginn (1 share) and Ms. Loh Shy Ming (1 share) at a total cash consideration of RM2/- (Ringgit Malaysia: Two) only ("the Acquisition"). Following the acquisition, SCE IBS became a wholly-owned subsidiary of the Company.

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

A12. Contingent Liabilities

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

A13. Capital Commitments

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

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

B1. Review of Performance

The Group registered a lower revenue of RM2.972 million and RM11.838 million for the current quarter and period to date as compared to RM16.647 million and RM18.753 million for the preceding year corresponding quarter and period to date respectively. The decrease in revenue for the current quarter and period to date was mainly due to the decrease in the trading of building materials and the completion of the Melaka project with no additional revenue generated by the project management segment in the current quarter.

In consequent thereto, the Group registered a loss before taxation of RM0.889 million and RM0.872 million for the current quarter and period to date as compared to a profit before taxation of RM0.394 million and RM0.134 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-Jul-17 RM'000 | Preceding quarter ended 30-Apr-17 RM'000 |
|-------------------------------|---|---|
| Turnover | 2,972 ===== | 8,886 ===== |
| (Loss)/Profit before taxation | (889) ===== | 17 ===== |

Turnover for current quarter was RM2.972 million as compared to immediate preceding quarter of RM8.886 million. There was a decrease of RM5.914 million in turnover for the current quarter as compared to immediate preceding quarter. The decrease in turnover was due to the decrease in the trading of building materials and the completion of the Melaka project with no additional revenue generated by the project management segment in the current quarter.

The Group recorded a loss before taxation of RM0.889 million on a turnover of RM2.972 million for the current quarter under review compared to a profit before taxation of RM0.017 million on a turnover of RM8.886 million for the immediate preceding 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.

B4. Variance of Actual Profit from Forecast Profit

This is not applicable as no profit forecast was published.

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

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").

On 10 March 2017, the Company, after 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:

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

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

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

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.

On 26 July 2017, the Company announced that all of the resolutions of the Proposals tabled at the Extraordinary General Meeting held on 26 July 2017 were approved by the shareholders.

On 27 July 2017, the Company announced that further to approval being obtained from shareholders of SEBB for the Proposals at the extraordinary general meeting of the Company held on 26 July 2017, SEBB had on 27 July 2017 filed a petition to the High Court of Malaya in Kuala Lumpur ("High Court") to obtain the confirmation of the High Court for the Proposed Capital Reduction pursuant to Section 115(a) read together with Section 116 of the Companies Act, 2016 ("Petition"). The hearing has been scheduled on 25 September 2017.

On 24 August 2017, Securities Commission had approved the application for the Proposed Exemption.

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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B9. (Loss)/Earnings 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-July-17 | 31-July-16 | 31-July-17 | 31-July-16 |
| Net loss for the financial period (RM'000) | (889) | 320 | (947) | 60 |
| Weighted average number of ordinary shares of 5 sen each in issue ('000) | 883,078 | 812,955 | 883,078 | 806,122 |
| Basic loss per ordinary share of 5 sen each (sen) | (0.100) | 0.04 | (0.107) | 0.01 |

B10. Realised and Unrealised Accumulated Losses

| | As at 31-Jul-17 RM'000 | As at 31-Jul-16 RM'000 |
|--|------------------------------|------------------------------|
| Total accumulated losses of the Group | | |
| - Realised | (18,447) | (16,340) |
| - Unrealised | - | - |
| | <u>(17,323)</u> | <u>(16,340)</u> |
| Total share of accumulated losses from associated companies | | |
| - Realised | 45 | (62) |
| - Unrealised | - | - |
| | <u>(18,402)</u> | <u>(16,402)</u> |
| Less: Consolidated adjustments | (1,737) | (1,737) |
| Total accumulated losses as per Statements of Financial Position | <u>(20,139)</u> | <u>(18,139)</u> |

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

| | Current quarter ended 31-July17 RM'000 | Current year to date 31-Jul-17 RM'000 |
|-----------------------------|---|--|
| Depreciation & amortisation | 105 | 212 |
| Interest income | (15) | (27) |

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

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

