

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018****Unaudited Condensed Consolidated Statement of Comprehensive Income**

		3 months ended 31 March 2018	3 months ended 31 March 2017	3 months ended 31 March 2018	3 months ended 31 March 2017
	Note	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Continuing Operations					
Revenue	4	21,421	14,879	21,421	14,879
Cost of sales		<u>(17,731)</u>	<u>(12,594)</u>	<u>(17,731)</u>	<u>(12,594)</u>
Gross profit		3,690	2,285	3,690	2,285
Other income		350	63	350	63
Administrative expenses		(1,665)	(1,484)	(1,665)	(1,484)
Selling and marketing expenses		(1,728)	(1,267)	(1,728)	(1,267)
Operating profit		647	(403)	647	(403)
Finance costs		(434)	(438)	(434)	(438)
Profit/(loss) before tax		213	(841)	213	(841)
Income tax expense	20		-		-
Profit/(loss) for the period attributable to equity holders of the Company		213	(841)	213	(841)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive profit/(loss) for the period attributable to equity holders of the Company		213	(841)	213	(841)
Profit/(loss) per share attributable to equity holders of the Company:					
Basic, for profit/(loss) for the period (sen)	25	0.25	(1.14)	0.25	(1.14)
Diluted, for profit/(loss) for the period (sen)- Not Applicable					

These Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

Unaudited Condensed Consolidated Statements of Financial Position

	Note	As At 31 March 2018 (Unaudited) (RM'000)	As At 31 December 2017 (Audited) (RM'000)
ASSETS			
Non-current assets			
Property, plant and equipment	9	42,140	43,077
Other assets		1,600	2,120
Intangible asset		5,648	5,648
		49,388	50,845
Current assets			
Inventories		22,064	23,261
Trade receivables		26,894	23,259
Other receivables		1,632	1,111
Other current receivables		6,608	4,922
Income tax recoverable		46	96
Deposits, cash & bank balances		6,384	5,125
		63,628	57,774
TOTAL ASSETS		113,016	108,619
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		85,913	85,913
Accumulated losses		(26,844)	(27,057)
Total equity		59,069	58,856
Non-current liabilities			
Borrowings	22	11,389	10,227
Other payables		146	146
Deferred taxation		117	117
		11,652	10,490
Current liabilities			
Borrowings	22	14,270	13,603
Trade payables		23,377	21,683
Other payables		4,573	3,893
Other current liabilities		13	13
Tax provision		62	81
		42,295	39,273
Total liabilities		53,947	49,763
TOTAL EQUITY AND LIABILITIES		113,016	108,619
Net assets per share (RM)		0.69	0.69

These Condensed Statements of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

Unaudited Condensed Consolidated Statements of Changes in Equity

	← Attributable to owners of the Company → Non-distributable				
	<u>Share capital</u> (RM'000)	<u>Share premium</u> (RM'000)	<u>Revaluation reserve</u> (RM'000)	<u>Accumulated losses</u> (RM'000)	<u>Total</u> (RM'000)
At 1 January 2017	73,583	5,097	-	(26,799)	51,881
Total comprehensive loss for the period	-	-	-	(841)	(841)
At 31 March 2017	<u>73,583</u>	<u>5,097</u>	<u>-</u>	<u>(27,640)</u>	<u>51,040</u>
At 1 January 2018	85,913	-	-	(27,057)	58,856
Total comprehensive profit for the period	-	-	-	213	213
At 31 March 2018	<u>85,913</u>	<u>-</u>	<u>-</u>	<u>(26,844)</u>	<u>59,069</u>

These Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018****Unaudited Condensed Consolidated Statements of Cash Flow**

	3 Months ended 31 March 2018 RM'000	3 Months ended 31 March 2017 RM'000
Cash flows from operating activities		
Profit/ (loss) before tax	213	(841)
Adjustment for:		
Interest income	(14)	(47)
Interest expense	434	438
Depreciation of property, plant and equipment	1,206	1,030
Reversal of impairment loss on trade receivables	(302)	(2)
Reversal of impairment loss on other receivables	-	(6)
Inventories written down	-	1
Operating profit before working capital changes	<u>1,537</u>	<u>573</u>
Decrease/ (increase) in inventories	1,197	(312)
Increase in trade and other receivables	(3,854)	(5,420)
Decrease in other assets	520	-
Increase in other current assets	(1,686)	(425)
Increase in trade and other payables	2,374	1,901
Decrease in fixed deposit pledged to bank	2	-
Cash generated from/ (used in) operating activities	<u>90</u>	<u>(3,683)</u>
Taxation paid, net of refund	31	(1)
Interest received	14	47
Interest paid	(434)	(438)
Net cash used in operating activities	<u>(299)</u>	<u>(4,075)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(77)	(1,854)
Net cash used in investing activities	<u>(77)</u>	<u>(1,854)</u>
Cash flows from financing activities		
Proceeds from borrowings	2,302	1,159
Repayment of term loans	(623)	(869)
Additional finance under finance lease	259	-
Repayment of obligations under finance leases	(143)	(145)
Net cash from financing activities	<u>1,795</u>	<u>145</u>
Net increase/ (decrease) in cash and cash equivalents	<u>1,419</u>	<u>(5,784)</u>
Cash and cash equivalents at the beginning of the period	<u>4,585</u>	<u>14,113</u>
Cash and cash equivalents at the end of the period	<u>6,004</u>	<u>8,329</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits, cash and bank balances	6,384	8,692
Bank overdraft (included within short term borrowings in Note 22)	(6)	-
Less: Fixed deposit pledged	(374)	(363)
	<u>6,004</u>	<u>8,329</u>

The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134 – INTERIM FINANCIAL REPORTING

1. Basis of Preparation

The condensed consolidated interim financial statements (“Condensed Report”) have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report also complies with IAS 134 Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”).

The Condensed Report should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2017. The explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

The Condensed Report are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM’000).

2. Significant accounting policies

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2017 except for the adoption of the following with effect from 1 January 2018:

Annual Improvements to MFRS Standards 2014 - 2016 Cycle:

- i. Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards
- ii. Amendments to MFRS 128: Investments in Associates and Joint Ventures

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 140: Transfers of Investment Property

MFRS 15: Revenue from Contracts with Customers

MFRS 9: Financial Instruments IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

The initial application of the above is not expected to have any significant financial impact on the Group’s financial statements.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018****NOTES (cont'd)****3. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2017 was not qualified.

4. Segmental information**Results for 3 months ended 31 March 2018**

	Manu- facturing RM'000	Property trading RM'000	Const- ruction RM'000	Others RM'000	Consolidated RM'000
Segment Revenue					
Total revenue including inter-segment sales	19,560	-	1,861	-	21,421
Less: Inter-segment sales	-	-	-	-	-
External revenue	<u>19,560</u>	<u>-</u>	<u>1,861</u>	<u>-</u>	<u>21,421</u>
Segment Results					
Results	672	(11)	(14)	-	647
Finance costs	(434)	-	-	-	(434)
Profit before tax					<u>213</u>
Income tax expense					-
Profit after tax					<u>213</u>
Other information					
Interest income	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>

Results for 3 months ended 31 March 2017

	Manu- facturing RM'000	Property trading RM'000	Const- ruction RM'000	Others RM'000	Consolidated RM'000
Segment Revenue					
Total revenue including inter-segment sales	14,879	-	-	-	14,879
Add/(Less): Inter-segment (return)/sales	-	-	-	-	-
External revenue	<u>14,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,879</u>

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

NOTES (cont'd)

4. Segmental information (cont'd)

Results for 3 months ended 31 March 2017 (cont'd)

	Manu- facturing RM'000	Property trading RM'000	Const- ruction RM'000	Others RM'000	Consolidated RM'000
Segment Results					
Results	(281)	(19)	(103)	-	(403)
Finance costs	(438)	-	-	-	(438)
Loss before tax					(841)
Income tax expense					-
Loss after tax					(841)
Other information					
Interest income	47	-	-	-	47

5. Unusual items due to their nature, size and incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 March 2018 except as disclosed in Note 2.

6. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter results.

7. Comments about seasonal or cyclical factors

The business of the Group was not affected by any significant seasonal or cyclical factors.

8. Dividend

The Group did not declare or pay any dividend during the quarter and financial period ended 31 March 2018.

9. Acquisitions and disposals of property, plant and equipment

During the quarter ended 31 March 2018, the Group acquired Property, Plant and Equipment ("PPE") with an aggregate cost of RM76,509 (1st Quarter 31 March 2017: RM1,853,982). Net Book Value of PPE written off by the Group for the quarter ended 31 March 2018 was RM 87 (31 March 2017: RM Nil).

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

NOTES (cont'd)

10. Related party disclosures

i) Transactions with companies in which certain directors of the Company have financial interest:

	3 months ended		3 months ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Income				
Sale of construction materials to:				
-Zecon Berhad	111	73	111	73
-Petra Jaya Properties Sdn. Bhd.	-	122	-	122
-Oricon Sdn. Bhd.	41	-	41	-
Expenditure				
Insurance premium paid to Transnational Insurance Brokers (M) Sdn. Bhd.	30	25	30	25
Management fees paid to Santubong Suites Sdn. Bhd.	10	10	10	10
Rental paid to Reignvest Corporation Sdn. Bhd.	180	180	180	180
Purchase of roofing construction material from Super Glory Sdn. Bhd.	12	45	12	45

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

NOTES (cont'd)

11. Debt and equity securities

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial period-to-date.

12. Changes in composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period-to-date.

13. Capital commitments

	As At 31.03.2018 RM'000	As At 31.12.2017 RM'000
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	509	22
Approved but not contracted for	2,194	2,707
	<u>2,703</u>	<u>2,729</u>

14. Contingent liabilities – Unsecured

	As At 31.03.2018 RM'000	As At 31.12.2017 RM'000
Corporate guarantee given to bank for credit facilities granted to a subsidiary	25,406	23,758

15. Subsequent event

There were no material events subsequent to the end of the current quarter.

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

NOTES (cont'd)

PART B -ADDITIONAL INFORMATION PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

16. Performance review

The Group reported revenue of RM21.4 million in the first quarter of 2018, as compared to RM14.9 million in the corresponding quarter of 2017, representing an increase of 44% or RM6.5 million. Higher revenue was primarily due to higher demand for spun pipes & RC products given rolling out of the Pan Borneo Highway Project from its Manufacturing division in the current quarter. The Group has reported a profit before tax of RM213,000 as compared to loss before tax of RM841,000 posted in the corresponding quarter last year. A profit before tax during the quarter is mainly attributable to reversal of impairment loss on trade receivables amounting to RM302,000.

There was no contribution from the Properties division whereas the Construction division has reported a revenue of RM1.86 million which contributed loss before tax of RM0.2 million.

The net assets of the Group as at 31 March 2018 stood at RM59 million which translates to RM0.69 net assets value per share.

17. Variation of results against preceding quarter

The Group registered a profit before tax of RM213,000 from a revenue of RM21.4 million for the current quarter as compared to a profit before tax of RM885,000 from a revenue of RM21.2 million in the preceding quarter. Higher profit was reported in the preceding quarter is mainly due to net reversal of impairment loss in trade receivables amounting to RM733,000.

18. Prospects for the remaining quarters

The Malaysian economy is expected to achieve moderate growth in 2018. The Group remains focused on managing its cost structure and promoting its IBS products for new projects. The Group has benefited from the rolling out of the Pan Borneo Highway Project and expects improvement in its order book from private projects and anticipates better results for the next remaining quarters.

19. (a) Variance of actual profit from forecast profit

Not applicable

(b) Shortfall in the profit guarantee

Not applicable

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018****NOTES (cont'd)****20. Income tax (income)/ expense**

	3 months ended		3 months ended	
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Current tax	-	-	-	-
(Over)/underprovision of tax in prior year	-	-	-	-
Deferred tax	-	-	-	-
Total income tax (income)/ expense	-	-	-	-

21. Corporate Proposals

Save for the proposed CGSB acquisition (as disclosed in note 12 of this Interim Financial Report), proposed amendments to the memorandum and articles of association of the Company and proposed private placement of up to 36,397,125 new ordinary share capital in SCIB representing up to 45% of the enlarged share capital of SCIB after completion of the proposed CGSB acquisition to be subscribed by potential investors to be identified later, there are no other outstanding proposals which have been announced by the Company but pending implementation. On 3 November 2017, 5,000,000 private placement shares were issued to places at RM0.60 per share and the remaining number of private placement shares stood at 31,397,125 as at 31st March 2018.

Description	Proposed utilisation RM'000	Actual utilisation as at 31/03/2018 RM'000	Balance as at 31/03/2018 RM'000	Estimated timeframe for utilisation of proceeds from the date of listing of the Placement Shares
Business expansion	10,000	-	10,000	Within 12 months
Working capital	2,838	2,530	308	Within 12 months
Repayment of bank borrowings	8,000	-	8,000	Within 6 months
Estimated expenses in relation to the Proposals	1,000	470	530	Within 2 months
Total	21,838	3,000	18,838	

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

NOTES (cont'd)

22. Borrowings

	As at 31.03.2018 RM'000	As at 31.12.2017 RM'000
Short term borrowings		
Secured	14,264	13,439
Unsecured	6	164
	<u>14,270</u>	<u>13,603</u>
Long term borrowings		
Secured	11,389	10,227
	<u>25,659</u>	<u>23,830</u>

All of the above borrowings are denominated in Ringgit Malaysia.

23. Derivatives financial instruments

There were no outstanding derivatives as at the end of the reporting year.

24. Dividend payable

No interim ordinary dividend has been declared for the financial period ended 31 March 2018 (31 March 2017: Nil).

25. Basic profit/(loss) per share

	3 months ended		3 months ended	
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Profit/(loss) attributable to ordinary equity holders of the Company	<u>213</u>	<u>(841)</u>	<u>213</u>	<u>(841)</u>
	As at	As at	As at	As at
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Weighted average number of ordinary shares in issue	<u>85,882,500</u>	<u>73,582,500</u>	<u>85,882,500</u>	<u>73,582,500</u>

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018**NOTES (cont'd)****25. Basic profit/(loss) per share (cont'd)**

	3 months ended		3 months ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	Sen	Sen	Sen	Sen
Basic profit/(loss) per share for profit (loss) for the period	0.25	(1.14)	0.25	(1.14)

There is no dilution in its profit/(loss) per share in the current quarter and financial period to date as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

26. Breakdown of accumulated losses of the Group as at the reporting date into realised and unrealised

	As at	As at
	31.03.2018	31.12.2017
	RM'000	RM'000
Total accumulated losses		
- Realised	(28,189)	(28,534)
- Unrealised	-	-
	<u>(28,189)</u>	<u>(28,534)</u>
Consolidation adjustments	1,345	1,477
Total Group accumulated losses as per consolidated accounts	<u>(26,844)</u>	<u>(27,057)</u>

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No. 1, Determination of Realised and unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

27. Material litigation

On 5 July 2016, SCIB Industrialised Building System Sdn. Bhd. ("SIBS"), a wholly owned subsidiary of SCIB had, vide its solicitors, Messrs Loke, King, Goh & Partners, filed writ and statement of claim against Millennium Crest Sdn. Bhd. claiming for RM2,786,696 being the work delivered as at 29 December 2014. Subsequently, Millennium Crest Sdn. Bhd. has filed defence and counterclaim dated 10 October 2016. On 2 May 2017, a Consent Judgment was entered against Millennium Crest Sdn. Bhd. in the sum of RM1,982,000 with interest of 6% per annum calculated from the date of the Consent Judgment until full and final settlement by Millennium Crest Sdn. Bhd.. Writ of Seizure and Prohibitory Order were served against Millennium Crest Sdn. Bhd. on 17th July 2017. Millennium Crest has settled RM500,000 in the last quarter of 2017 and RM300,000 in the first quarter of 2018 which resulted in the reversal of impairment loss on trade receivables.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

NOTES (cont'd)

28. Additional disclosures on profit/(loss) for the period

Profit/(loss) for the period is arrived at after charging/(crediting):

	3 months ended		3 months ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and Equipment ("PPE")	1,206	1,030	1,206	1,030
Reversal of impairment loss on trade receivables	(302)	(2)	(302)	(2)
Reversal of impairment loss on other receivables	-	(6)	-	(6)
Interest expense	434	438	434	438
Interest income	(14)	(47)	(14)	(47)
Inventories written down	-	1	-	1

29. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 May 2018.