

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Unaudited Individual Quarter 01.04.2021 to 30.06.2021 RM'000	Unaudited Cumulative Quarter 01.01.2020 to 30.06.2021 RM'000
	Note		
Continuing Operations			
Revenue	5	161,529	852,830
Cost of sales		(158,515)	(766,341)
Gross profit		3,014	86,489
Other income		(52)	19,028
Selling and distribution expenses		(2,180)	(12,027)
Administrative expenses		(5,083)	(22,036)
Net impairment loss on financial assets		(14,336)	(14,510)
Operating (loss)/profit		(18,637)	56,944
Finance income		150	684
Finance costs		(503)	(2,898)
Net finance costs		(353)	(2,214)
Share of (loss)/profit of an associate		(33)	3
(Loss)/profit before tax		(19,023)	54,733
Income tax expense	23	(542)	(9,931)
(Loss)/profit after tax		(19,565)	44,802
Other comprehensive income:			
Foreign currency translation differences for foreign operations		(256)	666
Total comprehensive (expenses)/income for the period		(19,821)	45,468
(Loss)/profit attributable to:			
Owners of the Company		(19,546)	44,823
Non-controlling interests		(19)	(21)
		(19,565)	44,802
Total comprehensive (expenses)/income attributable to:			
Owners of the Company		(19,802)	45,489
Non-controlling interests		(19)	(21)
		(19,821)	45,468
(Loss)/earnings per share (sen)			
Basic and diluted	28	(3.99)	9.13

Note: Pursuant to the change in the financial year end from 31 December 2020 to 30 June 2021, there are no comparative figures presented.

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2019.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2021****Unaudited Condensed Consolidated Statement of Financial Position**

	Note	Unaudited As At 30.06.2021 RM'000	Audited As At 31.12.2019 RM'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	5, 10	30,911	26,122
Right-of-use assets	5	15,345	18,078
Investment in an associate	12	303	-
Other assets		-	6,190
		46,559	50,390
<u>Current assets</u>			
Inventories		25,102	24,420
Contract assets		1,567	199
Trade and other receivables		671,890	31,170
Current tax assets		104	10
Prepayments		25,539	885
Cash and cash equivalents		39,271	9,035
		763,473	65,719
TOTAL ASSETS		810,032	116,109
EQUITY AND LIABILITIES			
Share capital		152,269	85,913
Foreign exchange translation reserves		666	-
Retained earnings / (accumulated losses)		606	(33,912)
Equity attributable to owners of the Company		153,541	52,001
Non-controlling interests		69	-
Total equity		153,610	52,001
<u>Non-current liabilities</u>			
Loans and borrowings	25	15,904	18,868
Lease liabilities		860	732
Other payables		181	187
		16,945	19,787
<u>Current liabilities</u>			
Loans and borrowings	25	26,697	17,413
Lease liabilities		573	412
Trade and other payables		600,633	26,459
Contract liabilities		1,530	37
Income tax payable		10,044	-
		639,477	44,321
Total liabilities		656,422	64,108
TOTAL EQUITY AND LIABILITIES		810,032	116,109
Net assets per share attributable to owners of the Company (RM)		0.31	0.61

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2019.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

Unaudited Condensed Consolidated Statement of Changes in Equity

Note	← Attributable to owners of the Company →				Total equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Foreign exchange translation reserves RM'000	Retained earnings/ (accumulated losses) RM'000			
Balance at 1 January 2020	85,913	-	-	(33,912)	52,001	-	52,001
Profit after tax for the period	-	-	-	44,823	44,823	(21)	44,802
Other comprehensive income for the period:							
Foreign currency translation difference for the period	-	-	666	-	666	-	666
Total comprehensive income for the period	-	-	666	44,823	45,489	(21)	45,468
Transactions with owners of the Company:							
Issue of ordinary shares	66,214	-	-	-	66,214	-	66,214
Shares acquired as a result of Settlement Agreement	-	(33,429)	-	-	(33,429)	-	(33,429)
Treasury shares sold	-	33,429	-	5,514	38,943	-	38,943
Exercise of warrants	142	-	-	-	142	-	142
Dividends to owners of the Company	-	-	-	(15,819)	(15,819)	-	(15,819)
Total transactions with owners of the Company	66,356	-	-	(10,305)	56,051	-	56,051
Changes in ownership interests:							
Acquisition of subsidiary with NCI	-	-	-	-	-	90	90
Total changes in ownership interests	-	-	-	-	-	90	90
Balance at 30 June 2021	152,269	-	666	606	153,541	69	153,610

Note: Pursuant to the change in the financial year end from 31 December 2020 to 30 June 2021, there are no comparative figures presented.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2019.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

Unaudited Condensed Consolidated Statement of Cash Flows

	Unaudited Cumulative Quarter 01.01.2020 to 30.06.2021 RM'000
Cash flows from operating activities	
Profit before tax	54,733
Adjustments for:	
Depreciation of property, plant and equipment and right-of-use assets	6,000
Impairment loss on trade receivables	13,607
Impairment loss on other receivables	1,000
Finance costs	2,898
Inventories written down	376
Inventories written off	433
Property, plant and equipment written off	2
Unrealised gain on foreign exchange	(148)
Gain on disposal of property, plant and equipment and right-of-use assets	(29)
Share of profit of an associate	(3)
Finance income	(684)
Fair value gain on profit guarantee receivable	(17,739)
Reversal of impairment loss on trade receivables	(97)
Operating profit before working capital changes	60,349
Increase in inventories	(1,491)
Increase in trade and other receivables	(640,634)
Increase in contract assets	(1,368)
Increase in trade and other payables	562,627
Increase in contract liabilities	1,493
Cash used in operating activities	(19,024)
Interest paid	(2,898)
Interest received	684
Income tax paid	(183)
Income tax refunded	10
Net cash used in operating activities	(21,411)
Cash flows from investing activities	
Proceeds from disposal of property, plant & equipment	46
Acquisition of an associate	(300)
Acquisition of property, plant and equipment	(7,087)
Increase in pledged fixed deposits with licensed banks	(20,113)
Net cash used in investing activities	(27,454)
Cash flows from financing activities	
Dividends paid to owners of the Company	(15,819)
Proceeds from the issue of ordinary shares	66,356
Acquisition of non-controlling interests	90
Drawdown of revolving credit	3,684
Drawdown of bankers' acceptances	31,412
Repayment of lease liabilities	(723)
Repayment of term loans	(2,164)
Repayment of revolving credit	(871)
Repayment of bankers' acceptances	(25,741)
Net cash generated from financing activities	56,224

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

Unaudited Condensed Consolidated Statement of Cash Flows (cont'd)

	Unaudited Cumulative Quarter
	01.01.2020 to 30.06.2021
	RM'000
Net increase in cash and cash equivalents	7,359
Effects of foreign exchange translation	2,764
Cash and cash equivalents at the beginning of the period	8,473
Cash and cash equivalents at the end of the period	18,596
Cash and cash equivalents at the end of the financial period comprise the following:	
Deposits, cash and bank balances	39,271
Bank overdraft (included within short term borrowings)	-
Less: Fixed deposit pledged	(20,675)
	18,596

Note: Pursuant to the change in the financial year end from 31 December 2020 to 30 June 2021, there are no comparative figures presented.

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2019.

-The rest of this page is intentionally left blank-

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

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 2019. 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 2019.

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

2. Change in financial year end

As announced on 24 May 2021, the Company has changed its financial year end from 31 December to 30 June. As such, no comparative figures are presented as it is not comparable with any comparative period previously reported.

3. 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 2019 except for the adoption of the following with effect from 1 January 2021:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 ‘Interest Rate Benchmark Reform – Phase 2’	1 January 2021
Amendment to MFRS 16 Leases - Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual improvements to MFRS standards 2018 – 2020: Amendments to MFRS 9 ‘Fees in the 10% test for derecognition of financial liabilities’	1 January 2022
Amendments to MFRS 3 ‘Reference to Conceptual Framework’	
Amendments to MFRS 116 ‘Proceeds before intended use’	
Amendments to MFRS 137 ‘Onerous contracts – cost of fulfilling a contract’	

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

NOTES (cont'd)

3. Significant accounting policies (cont'd)

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 – Insurance Contracts and amendments to MFRS 17	1 January 2023
Amendments to MFRS 101 ‘Classification of Liabilities as Current or Non-current’	
Amendments to MFRS 101 ‘Disclosure of Accounting Policies’	
Amendments to MFRS 108 ‘Definition of Accounting Estimates’	

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. Auditors’ report on preceding annual financial statements

The auditors’ report on the financial statements for the year ended 31 December 2019 was not qualified.

5. Segment information

Results for 3 months ended 30 June 2021 (01.04.2021 to 30.06.2021)

	Manu- facturing/ Corporate RM’000	Property trading RM’000	Construction/ EPCC RM’000	Others RM’000	Consolidated RM’000
Segment Revenue					
Total revenue including inter-segment sales	19,985	-	141,544	-	161,529
(Less) Inter-segment sales	-	-	-	-	-
External revenue	<u>19,985</u>	<u>-</u>	<u>141,544</u>	<u>-</u>	<u>161,529</u>
Segment Results					
Results	(1,820)	(38)	(16,598)	(31)	(18,487)
Finance costs	(498)	-	(5)	-	(503)
Share of profit of an associate					<u>(33)</u>
Loss before tax					(19,023)
Income tax expense					(542)
Loss after tax					<u>(19,565)</u>
Other information					
Finance income	<u>103</u>	<u>-</u>	<u>47</u>	<u>-</u>	<u>150</u>

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2021****NOTES (cont'd)****5. Segment information (cont'd)****Results for 18 months ended 30 June 2021 (01.01.2020 to 30.06.2021)**

	Manu- facturing/ Corporate RM'000	Property trading RM'000	Construction/ EPCC RM'000	Others RM'000	Consolidated RM'000
Segment Revenue					
Total revenue including inter-segment sales	105,696	-	747,134	-	852,830
(Less) Inter-segment sales	-	-	-	-	-
External revenue	<u>105,696</u>	<u>-</u>	<u>747,134</u>	<u>-</u>	<u>852,830</u>
Segment Results					
Results	12,153	(195)	45,721	(51)	57,628
Finance costs	(2,887)	-	(11)	-	(2,898)
Share of profit of an associate					<u>3</u>
Profit before tax					54,733
Income tax expense					(9,931)
Profit after tax					<u>44,802</u>
Other information					
Finance income	<u>287</u>	<u>-</u>	<u>397</u>	<u>-</u>	<u>684</u>

Segment revenue by countries

	Individual Quarter 01.04.2021 to 30.06.2021 RM'000	Cumulative Quarter 01.01.2020 to 30.06.2021 RM'000
Malaysia	21,922	133,323
Indonesia	(35)	8,132
Oman	29,032	242,074
Qatar	110,610	469,301
	<u>161,529</u>	<u>852,830</u>

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

NOTES (cont'd)

5. Segment information (cont'd)

Segment non-current assets by countries

	As At 30.06.2021 RM'000	As At 31.12.2019 RM'000
Malaysia	46,256	44,200
Indonesia	-	-
Oman	-	-
Qatar	-	-
	<u>46,256</u>	<u>44,200</u>

6. 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 quarter ended 30 June 2021 except as disclosed in Note 2.

7. Changes in estimates

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

8. Comments about seasonal or cyclical factors

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

9. Dividend paid

The following dividend was paid during the current financial year under review:

Type of dividend	: Single interim single-tier dividend
For the year ended	: 31 December 2020
Approved and declared on	: 27 August 2020
Date of payment	: 30 September 2020
Dividend per share	: 2.30 sen
Net dividend paid	: RM2,820,547.83
Type of dividend	: Second interim single-tier dividend
For the year ended	: 31 December 2020
Approved and declared on	: 26 November 2020
Date of payment	: 29 January 2021
Dividend per share	: 3.00 sen
Net dividend paid	: RM3,678,975
Type of dividend	: Third interim single-tier dividend
For the year ended	: 31 December 2020
Approved and declared on	: 25 February 2021
Date of payment	: 30 March 2021
Dividend per share	: 1.90 sen
Net dividend paid	: RM9,320,070

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2021****NOTES (cont'd)****10. Acquisitions and disposals of property, plant and equipment**

Acquisition and disposal of items of property, plant and equipment by the Group for the quarter ended 30 June 2021 is as follows:

	Individual Quarter 01.04.2021 to 30.06.2021 RM	Cumulative Quarter 01.01.2020 to 30.06.2021 RM
Acquisition (Cost)	5,027,467	8,098,783
Disposal /Written off (Net book value)	<u>30,497</u>	<u>43,456</u>

11. Related party disclosures

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

	Individual Quarter 01.04.2021 to 30.06.2021 RM'000	Cumulative Quarter 01.01.2020 to 30.06.2021 RM'000
Income		
EPCC contract:-		
- Edaran Kencana Sdn. Bhd.	-	13,437
Expenditure		
Insurance premium paid to Transnational Insurance Brokers (M) Sdn. Bhd.	266	820
Purchase of safety personal protective equipment from Edaran Kencana Sdn. Bhd.	-	3
Purchase of scaffolding equipment from Edaran Kencana Sdn. Bhd.	-	663
Consultation fees paid or payable to Edaran Kencana Sdn. Bhd.	652	1,551
Progress claim from Edaran Kencana Sdn. Bhd.	-	4,252
Construction and progress claim of Batching plant from Edaran Kencana Sdn. Bhd.	<u>238</u>	<u>238</u>

The above disclosure of related party transactions was prepared in accordance with MFRS 124.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

NOTES (cont'd)

12. Investment in an associate

	As At 30.06.2021 RM'000	As At 31.12.2019 RM'000
Unquoted shares, at cost	300	-
Share of post-acquisitions reserve	3	-
	303	-

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest	
			As At 30.06.2021	As At 31.12.2019
Edaran Kencana Sdn. Bhd.	Malaysia	General contractors and builders, engineering consultancy and other related services	30%	-

13. Debt and equity securities

On 16 June 2020, the Company has completed the private placement exercise, in which the Company has issued 36,750,000 new shares with an issue price of RM1.82 new placement shares.

On 4 January 2021, it was announced that the bonus issue of share has been completed following the listing and quotation for 367,897,500 bonus shares.

On 18 January 2021, the Company announced the issuance of up to 245,265,000 free warrants in the Company to the existing shareholders of the Company on the basis of 1 warrant for every 2 existing ordinary shares held in the Company on 3 February 2021.

On 16 March 2021, there were 80,000 additional shares being allotted from the exercise of the first batch warrants.

It was announced on 27 May 2021 that Bursa Securities had, vide its letter dated 25 May 2021, resolved to approve the listing of and quotation for up to 147,158,999 new shares to be issued pursuant to the proposed private placement.

On 27 August 2021, the Company announced that 10,789,332 placement shares issued pursuant to the private placement were listed and quoted on the Main Market of Bursa Securities.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

NOTES (cont'd)

13. Debt and equity securities (cont'd)

On 10 September 2021, the Company announced that 24,638,200 placement shares issued pursuant to the private placement were listed and quoted on the Main Market of Bursa Securities.

Other than the above, there were no unusual items affect the debt and equity securities for the current quarter and financial period to-date.

14. Changes in composition of the Group

There were no changes in the composition of the Group except for the following:-

1. Incorporation of SCIB LW System Sdn. Bhd.

On 26 February 2021, SCIB LW System Sdn. Bhd. was incorporated in which its shares is 70% held by SCIB Industrialised Building System Sdn. Bhd., a wholly owned subsidiary of the Company. The remaining 30% is owned by Hartanah Construction & Development Sdn. Bhd..

2. Incorporation of SCIB Sasoakai Venture Sdn. Bhd.

On 28 April 2021, SCIB Sasoakai Venture Sdn. Bhd. was incorporated in which its shares is 70% held by SCIB Industrialised Building System Sdn. Bhd., a wholly owned subsidiary of the Company. The remaining 30% is owned by Sasoakai Resources Sdn. Bhd..

15. Capital commitments

	As At 30.06.2021 RM'000	As At 31.12.2019 RM'000
Capital expenditure not provided for in the financial statements:		
Approved and contracted for	6,564	98
	=====	=====

16. Contingent liabilities – Unsecured

	As At 30.06.2021 RM'000	As At 31.12.2019 RM'000
Corporate guarantee given to bank for credit facilities granted to a subsidiary	43,148	37,314
	=====	=====

-The rest of this page is intentionally left blank-

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

NOTES (cont'd)

17. Treasury shares

On 10 December 2020, the Group has entered into a Settlement Agreement with the counter parties and has recognised a fair value gain on profit guarantee receivables of RM17.7 million, of which the agreement shall constitute full and final settlement of all disputes, conflicts, claims, allegations, actions, obligations, demands, suits and/or legal proceedings. Upon the Settlement Agreement, the counterparties have executed a Power of Attorney in favour of Salihin Consulting Group Sdn. Bhd. (“SCGSB”) to hold the shares of the Company as stakeholder for the purpose of selling and disposing and administer the sales proceeds. As a result, as at 31 December 2020, the shares of 8,635,520 amounted to RM10,492,157 held by SCGSB, with a view of substance over form, are accounted for similar to treasury shares in accordance with MFRS 132 in the financial statements of the Group and the Company. The remaining shares have been fully disposed and the net proceeds have been received in full by the Company in January 2021.

18. Subsequent event

The 2019 Novel Coronavirus Infection (‘COVID-19’)

The coronavirus (COVID-19) outbreak in early 2020 has reached a pandemic level affecting all businesses and economic activities globally. The Malaysian Government has enforced various measures to curb with the spreading of the virus including travel restrictions, reduced business operating capacity and total prohibition for certain businesses to operate.

The Group is unable to reasonably estimate the financial impact of COVID-19 for the financial year ending 30 June 2022 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. The Group will continuously monitor the impact of COVID-19 on its operations and its financial performance and will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group’s operations.

-The rest of this page is intentionally left blank-

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

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

19. Performance review

As stated in Note 2, the Group has changed its financial year end from 31 December 2020 to 30 June 2021. This reporting covers the eighteen months period from 1 January 2020 to 30 June 2021. As such, there are no comparative information presented in this report.

The Group recorded a revenue of RM161.5 million and a loss before tax of RM19 million for the current quarter ended 30 June 2021.

Group revenue and profit/(loss) before tax by segment are as follows:

Segment	Individual Quarter		Cumulative Quarter	
	Revenue 01.04.2021 to 30.06.2021 RM'000	(Loss) before tax 01.04.2021 to 30.06.2021 RM'000	Revenue 01.01.2020 to 30.06.2021 RM'000	Profit before tax 01.01.2020 to 30.06.2021 RM'000
Manufacturing/Corporate	19,985	(2,318)	105,696	9,266
Property Trading	-	(38)	-	(195)
Construction/EPCC	141,544	(16,603)	747,134	45,710
Others	-	(31)	-	(51)
	161,529	(18,990)	852,830	54,730
Share of (loss)/profit of an associate	-	(33)	-	3
Total	161,529	(19,023)	852,830	54,733

(i) Manufacturing/Corporate

Manufacturing/Corporate segment has recorded a revenue of RM20 million for the current quarter under review. However, there was a loss before tax of RM2.3 million which was mainly attributable to the increase in corporate expenses and slowdown in products delivery caused by pandemic.

(ii) Property Trading

There was no revenue contribution from the property trading segment for the current quarter under review due to the economy slowdown in the property market.

(iii) Construction/EPCC

Construction/EPCC segment contributed RM141.5 million of revenue. However, this segment suffered RM16.6 million of loss to the Group. The revenue was mainly contributed by the overseas and local construction projects. The loss during the current quarter under review was mainly due to increase in project cost and impairment loss of RM14.4 million. Additional provision of project costs has been made as a result of repositioning of business strategy in oversea projects.

(iv) Others

Other segments mainly consist of investment holdings activities. No revenue being contributed for the current quarter under review.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

NOTES (cont'd)

20. Variation of results against preceding quarter

The Group registered a loss before tax of RM19 million from a revenue of RM161.5 million for the current quarter as compared to a profit before tax of RM14.3 million from a revenue of RM175.3 million in the immediate preceding quarter. The loss before tax in the current quarter was mainly due to additional provision of project cost as a result of repositioning of business strategy and impairment loss of RM14.4 million.

21. Prospects for the next year

Bank Negara Malaysia (“BNM”) and the Department of Statistics Malaysia (DOSM) have announced that the nation’s economy registered a gross domestic product (“GDP”) of 16.1% year-on-year growth in the second quarter of 2021 (“2Q21”), boosted by domestic demand and robust exports. Improvement was reported across all sectors with manufacturing and construction sector rose by 26.6% and 40.3% respectively. This reflects a rebound from the recession during corresponding period last year when movement control order was first introduced (2Q20: -17.1%). In terms of quarter-on-quarter performance, the country continues its recovery trajectory from -0.5% recorded for the first quarter of 2021, narrowing from -3.4% during the fourth quarter of 2020. This led to a GDP growth of 7.1% for the first six months of 2021 compared to -8.4% during relative period last year.

Near term economic growth trajectory ties tightly with the COVID-19 pandemic related factors. The emergence of riskier variant and the rising of infection rates have resulted in the reinforcement of nationwide lockdown at different states with different intensities and stricter containment measures in the later part of 2Q21. Thereby, performance is expected to trough in 3Q21 before gaining ground in 4Q21 and accelerating its growth in 2022. This is underpinned externally and internally by (i) vaccine effectiveness and rollout pace to achieve herd immunity, (ii) duration and stringency of pandemic containment measures, (iii) normalisation in global trade activity especially with key business partners, (iv) supportiveness of global financial conditions, (v) domestic policy certainty as well as (vi) investments for large infrastructure and digitalisation initiatives. Taking the latest global economic developments and the progression of National Recovery Plan into account, BNM adjusted the full year GDP projection from 6.0-7.5% to 3.0-4.0% for 2021. World Bank and the International Monetary Fund (“IMF”) have also forecasted a lower GDP for Malaysia at 4.5% and 4.7% respectively.

Looking from the construction front, this is an unprecedented tough time experienced by industry players as the prolonged pandemic impacts were not only induced from strict standard operating procedures, but also the supply chain disruption, project progress deferment, raw material price hikes, as well as additional safety and welfare costs. General construction works are suspended except for critical construction works since the month of June while building materials manufacturing are affected by the workforce limitation capped at 30% capacity. Conditions were marginally eased with more activities allowed in August following the expediting of vaccination efforts. There are still opportunities in public and private initiated projects as construction acts as a base of fulfilling the gaps in public needs and propelling a country’s development, yet this will be moving at a slower pace as the utmost priority remains to combat the alarming virus transmission.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

NOTES (cont'd)

21. Prospects for the next year (cont'd)

Being the largest precast concrete and Industrialised Building System (“IBS”) manufacturer in East Malaysia, SCIB is advantageous with this synergistic in-house production capabilities for construction activities as well as a buffer for raw material price fluctuations. The Group is equipped with three integrated manufacturing factories and wharf facility for shipment across Borneo to supply up to 500,000 tonnes of concrete products annually. Throughout the years, SCIB has been supporting numerous state-funded people-centric construction projects in Sarawak. Positive prospect that lies ahead includes the upcoming launches of Second Trunk Road, Coastal Road, Project Rumah Mesra Rakyat, Sekolah DAIF Sarawak, Government Hospital and Health Clinic, Sarawak Water Supply Grid Programme, and others. Leveraging on the adoption of IBS, it will accelerate the project completion, reduce the on-site manpower requirement, and facilitate better cost control which helps the project owner or developer to sail through this pandemic times more smoothly.

In view of the current condition, SCIB will continue striving to optimise its resource planning and strategise the possible counteractions. For ongoing projects, project teams are actively engaging with customers and suppliers to review and examine site progress and rescheduling, if required.

Considering the time extension and collaboration granted from business partners as well as relevant parties, most of the current projects undertaken by the Group are manageable at this juncture. On top of that, the Group is targeting more essential infrastructure works to mitigate the slow delivery of existing projects. The Group is qualified with the Construction Industry Development Board (CIDB) license Grade 7, Sijil Taraf Bumiputera (STB) license, Sijil Perolehan Kerja Kerajaan (SPKK) license, the Ministry of Finance (MOF) license, and Petronas vendor license on civil related scopes, which enables us to tender for government or non-government projects. With that, SCIB has successfully secured a series of local contracts including the school building and mixed development projects won in Sarawak, 1Malaysia Housing Programme (PR1MA) in Kelantan, Malaysia civil servants housing program (PPAM) in Perak, road maintenance project in Terengganu, as well as the establishment of solid waste transfer station, medical equipment supplies and commissioning project for a specialist hospital in Johor.

To navigate the future expansion of SCIB and to become a one-stop IBS solutions provider, the Group has identified several steps to gradually strengthen the internal capabilities and capacities towards long term value creation:

1. Set up mobile facilities for building materials manufacturing to support the projects bagged in Peninsular Malaysia (including ready mix concrete and batching plants)
2. Set up lightweight system plant to complement the IBS provision (including light weight steel trust wall panel and roof trust manufacturing, supplying, and installation)
3. Adopt 3D printing technology to transform the local construction landscape with a more cost- and time-efficient approach and minimise the risk of labour shortage

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

NOTES (cont'd)

21. Prospects for the next year (cont'd)

Year-to-date, SCIB's order book value stood at RM1.6 billion. This translates into a healthy earnings visibility up to 2030. The Group will remain focus on domestic projects management and committed to achieve a satisfactory performance this year. Barring any unforeseen circumstances, the Group holds a prudent view on business prospects till the stable global recovery from COVID-19 pandemic is observed.

Sources:

<https://www.bnm.gov.my/-/economic-and-financial-developments-in-malaysia-in-the-second-quarter-of-2021>

<https://www.worldbank.org/en/country/malaysia/publication/malaysia-economic-monitor-june-2021-weathering-the-surge>

<https://www.imf.org/en/Publications/WEO/Issues/2021/07/27/world-economic-outlook-update-july-2021>

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

Not applicable

(b) Shortfall in the profit guarantee

Not applicable

23. Income tax expense

	Individual Quarter 01.04.2021 to 30.06.2021 RM'000	Cumulative Quarter 01.01.2020 to 30.06.2021 RM'000
Current tax expense:		
Malaysian Taxation	121	209
Foreign Taxation	376	9,703
Total current tax expense	497	9,912
Underprovision of tax in prior year	45	19
Deferred tax	-	-
Total income tax expense	542	9,931

The Group are subject to income tax at the applicable statutory tax rates in Malaysia and overseas. Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period. Income tax for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

NOTES (cont'd)

24. Corporate Proposals

(i) Utilisation of Proceeds from Private Placement on 30 June 2021

The gross proceeds from the Private Placement of RM66.9 million shall be utilized in the following manner:

Description	Estimated timeframe for utilization of proceeds from the date of listing of the Placement Shares	Proposed utilization RM'000	Actual utilization as at 30.06.2021 RM'000	Balance as at 30.06.2021 RM'000
Working capital for on-going projects	Within 12 months from the receipt of placement funds	6,477	6,477	-
Estimated expenses for future projects	Within 24 to 36 months from the date of award of projects	59,408	34,993	24,415
Estimated expenses in relation to the Proposals	Upon completion of the Proposals	1,000	671	329
		66,885	42,141	24,744

(ii) Proposed Capital Reduction

The Company has proposed reduction of the issued share capital of SCIB pursuant to Section 116 of the Companies Act 2016. The Proposed Capital Reduction entails the reduction of RM40.00 million of the issued share capital of the Company which is lost and unrepresented by available assets pursuant to Section 116(1)(b) of the Act. The corresponding credit of RM40.00 million arising from the Proposed Capital Reduction will be utilised to eliminate the accumulated losses of the Company while the balance, if any, will be credited to the retained earnings account of the Company which may be utilised in such manner as the Board deems fit, as permitted by the relevant and applicable laws, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") as well as the Company's Constitution.

An order by the court will be sought to confirm the Proposed Capital Reduction pursuant to Section 116 of the Act after the receipt of approvals from the shareholders of the Company for the Proposed Capital Reduction at a general meeting of the Company to be convened.

The effective date of the Proposed Capital Reduction will be the date of lodgement of the sealed court order of the High Court confirming the Proposed Capital Reduction with the Registrar of Companies pursuant to Section 116(6) of the Act.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

NOTES (cont'd)

24. Corporate Proposals (cont'd)

(iii) Proposed Acquisition

The Company had on 14 April 2021 entered into a conditional Share Sale Agreement with Noorazylawati Binti Abdul Bakar, Mohd Khairil Bin Mohd Hatta and Ibrahim Bin Mohd Noor, who are non-related third parties, with the objective of exploring business expansion plans in Peninsular Malaysia. Upon the completion of the Proposed Acquisition, Kencana Precast Concrete Sdn. Bhd. ("KPCSB") will become a wholly-owned subsidiary of the Company.

The Parties have on 11 August 2021 entered into a Supplemental Agreement to record the Parties' mutual consent to vary and supplement the Principal Agreement in the manner as set out in the Supplemental Agreement, mainly related to inclusion of additional party as a vendor which is Bintang Kencana Sdn. Bhd.

On 16 August 2021, all the Conditions Precedent as set out in the SSA in relation to the Proposed Acquisition of KPCSB have been fulfilled. The SSA was completed on 30 August 2021 and KPCSB is now a wholly-owned subsidiary of the Company.

25. Loans and borrowings

	As At 30.06.2021 RM'000	As At 31.12.2019 RM'000
Short-term borrowings		
Secured	26,697	17,413
Unsecured	-	-
	<u>26,697</u>	<u>17,413</u>
Long-term borrowings		
Secured	15,904	18,868
	<u>42,601</u>	<u>36,281</u>

All of the above borrowings are denominated in Ringgit Malaysia.

26. Derivatives financial instruments

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

-The rest of this page is intentionally left blank-

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2021****NOTES (cont'd)****27. Proposed dividend**

There is no dividend proposed as at the date of this report.

28. Earnings per ordinary share

	Individual Quarter 01.04.2021 to 30.06.2021 RM'000	Cumulative Quarter 01.01.2020 to 31.06.2021 RM'000
(Loss)/profit attributable to:		
Owners of the Company	(19,546)	44,823
Non-controlling interests	(19)	(21)
	<u>(19,565)</u>	<u>44,802</u>
	As At	
	30.06.2021	30.06.2021
Weighted average number of ordinary shares in issue	<u>490,583,333</u>	<u>490,583,33</u>
	Individual Quarter 01.04.2021to 30.06.2021 RM'000	Cumulative Quarter 01.01.2020 to 30.06.2021 RM'000
Basic (loss)/earnings per share (Sen)	<u>(3.99)</u>	<u>9.13</u>

29. Material litigation

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

-The rest of this page is intentionally left blank-

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No: 197501003884 (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2021****NOTES (cont'd)****30. Additional disclosures on profit for the period**

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

	Individual Quarter 01.04.2021 to 30.06.2021 RM'000	Cumulative Quarter 01.01.2020 to 30.06.2021 RM'000
Depreciation of property, plant and equipment and right-of-use assets	904	6,000
Impairment loss on trade receivables	13,433	13,607
Impairment loss on other receivables	1,000	1,000
Finance costs	503	2,898
Inventories written down	65	376
Inventories written (back)/off	(105)	433
Property, plant and equipment written off	-	2
Unrealised gain on foreign exchange	23	(148)
Gain on disposal of property, plant and equipment and right-of-use assets	-	(29)
Share of loss/(profit) of an associate	33	(3)
Finance income	(150)	(684)
Fair value gain on profit guarantee receivable	-	(17,739)
Reversal of impairment loss on trade receivables	(97)	(97)

31. 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 30 September 2021.

-The rest of this page is intentionally left blank-