

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No. 197501003884 (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2023****Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Continuing operations					
Revenue	4	33,342	26,253	132,044	128,429
Cost of sales		<u>(26,851)</u>	<u>(22,495)</u>	<u>(110,041)</u>	<u>(112,378)</u>
Gross profit		6,491	3,758	22,003	16,051
Other income		840	9,574	1,083	10,191
Selling and distribution expenses		(1,468)	(1,449)	(6,986)	(6,858)
Administrative expenses		(4,967)	(42,036)	(17,392)	(54,353)
Net impairment loss on financial assets		<u>(19,084)</u>	<u>(16,931)</u>	<u>(19,075)</u>	<u>(17,085)</u>
Operating loss		(18,188)	(47,084)	(20,367)	(52,054)
Finance income		198	149	364	460
Finance costs		<u>(544)</u>	<u>(517)</u>	<u>(2,074)</u>	<u>(1,842)</u>
Net finance costs		(346)	(368)	(1,710)	(1,382)
Share of profit/(loss) of an associate		-	45	-	(3)
Loss before tax		(18,534)	(47,407)	(22,077)	(53,439)
Taxation	21	<u>(983)</u>	<u>9,682</u>	<u>(1,653)</u>	<u>9,682</u>
Loss after tax		(19,517)	(37,725)	(23,730)	(43,757)
Other comprehensive expenses:					
Item that will be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		<u>(749)</u>	<u>(632)</u>	<u>(772)</u>	<u>(804)</u>
Total comprehensive expenses for the period		(20,266)	(38,357)	(24,502)	(44,561)
Loss attributable to:					
Owners of the Company	26	(19,694)	(37,696)	(24,419)	(43,600)
Non-controlling interests		<u>177</u>	<u>(29)</u>	<u>689</u>	<u>(157)</u>
		(19,517)	(37,725)	(23,730)	(43,757)
Total comprehensive expenses attributable to:					
Owners of the Company		(20,443)	(38,328)	(25,191)	(44,404)
Non-controlling interests		<u>177</u>	<u>(29)</u>	<u>689</u>	<u>(157)</u>
		(20,266)	(38,357)	(24,502)	(44,561)
Loss per share					
Basic and diluted (sen)	26	<u>(3.34)</u>	<u>(6.74)</u>	<u>(4.15)</u>	<u>(7.80)</u>

These Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial statements.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No. 197501003884 (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2023****Unaudited Condensed Consolidated Statement of Financial Position**

	Note	Unaudited As at 30.06.2023 RM'000	Audited As at 30.06.2022 RM'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	4	30,041	36,336
Right-of-use assets	4	16,841	19,310
Investment property	4	2,381	-
		<u>49,263</u>	<u>55,646</u>
<u>Current assets</u>			
Inventories		22,735	22,169
Contract assets		6,194	5,650
Trade and other receivables		61,675	67,898
Current tax assets		451	583
Prepayments		8,320	5,414
Cash and cash equivalents		40,109	36,236
		<u>139,484</u>	<u>137,950</u>
TOTAL ASSETS		<u>188,747</u>	<u>193,596</u>
EQUITY AND LIABILITIES			
Share capital		166,259	153,624
Foreign exchange translation reserves		(1,621)	(849)
Accumulated losses		(82,069)	(57,520)
Equity attributable to owners of the Company		<u>82,569</u>	<u>95,255</u>
Non-controlling interests		865	(89)
Total equity		<u>83,434</u>	<u>95,166</u>
<u>Non-current liabilities</u>			
Loans and borrowings	23	20,455	23,140
Lease liabilities		1,726	2,611
Other payables		146	152
Deferred tax liabilities		593	597
		<u>22,920</u>	<u>26,500</u>
<u>Current liabilities</u>			
Loans and borrowings	23	26,168	21,784
Lease liabilities		554	1,482
Trade and other payables		53,807	47,755
Contract liabilities		822	509
Provision for taxation		1,042	400
		<u>82,393</u>	<u>71,930</u>
Total liabilities		<u>105,313</u>	<u>98,430</u>
TOTAL EQUITY AND LIABILITIES		<u>188,747</u>	<u>193,596</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.13</u>	<u>0.16</u>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2022.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No. 197501003884 (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2023****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	
		← Non-distributable	→ Distributable				
<u>12 months ended 30.06.2023</u>		Share capital RM'000	Foreign exchange translation reserve RM'000	Accumulated losses RM'000			
Balance as at 01.07.2022		153,624	(849)	(57,520)	95,255	(89)	95,166
Loss after tax for the period	26	-	-	(24,419)	(24,419)	689	(23,730)
Other comprehensive expenses for the period:							
Foreign currency translation difference for the period		-	(772)	-	(772)	-	(772)
Total comprehensive expenses for the period		-	(772)	(24,419)	(25,191)	689	(24,502)
Transactions with owners of the Company:							
Issue of ordinary shares		12,759	-	-	12,759	-	12,759
Share issue expenses		(124)	-	-	(124)	-	(124)
Capital reduction by court order		-	-	-	-	-	-
Issue of shares by a subsidiary to non-controlling interests		-	-	-	-	225	225
Changes in ownership interest in a subsidiary	13	-	-	(130)	(130)	40	(90)
Total transactions with owners of the Company		12,635	-	(130)	12,505	265	12,770
Balance as at 30.06.2023		166,259	(1,621)	(82,069)	82,569	865	83,434

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2022.

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Registration No. 197501003884 (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2023****Audited 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
		← Non-distributable → Share capital RM'000	Distributable Foreign exchange translation reserve RM'000			
12 months ended 30.06.2022						
Balance as at 01.07.2021		152,269	(45)	98,304	68	98,372
Loss after tax for the period	26	-	-	(43,600)	(157)	(43,757)
Other comprehensive expenses for the period:						
Foreign currency translation difference for the period		-	(804)	-	-	(804)
Total comprehensive expenses for the period		-	(804)	(43,600)	(157)	(44,561)
Transactions with owners of the Company:						
Issue of ordinary shares		41,763	-	-	-	41,763
Share issue expenses		(408)	-	-	-	(408)
Capital reduction by court order		(40,000)	-	40,000	-	-
Issue of shares by a subsidiary to non-controlling interests		-	-	-	-	-
Changes in ownership interest in a subsidiary		-	-	-	-	-
Total transactions with owners of the Company		1,355	-	40,000	-	41,355
Balance as at 30.06.2022		153,624	(849)	95,255	(89)	95,166

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2022.

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Registration No. 197501003884 (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2023****Unaudited Condensed Consolidated Statement of Cash Flows**

		12 months ended	
	Note	30.06.2023	30.06.2022
		RM'000	RM'000
Cash flows from operating activities			
Loss before tax		(22,077)	(53,439)
Adjustments for:			
Depreciation of property, plant and equipment, right-of-use assets and investment property	28	5,687	4,932
Finance costs	28	2,074	1,842
Impairment loss on property, plant and equipment	28	267	-
Impairment loss on trade receivables	28	182	16,408
Impairment loss on other receivables	28	19,779	8,914
Impairment loss on contract assets	28	-	1,862
Impairment of investment in an associate	28	-	300
Inventories written down	28	11	137
Property, plant and equipment written off	28	392	1
Share of loss of an associate	28	-	3
Finance income	28	(364)	(460)
Gain on bargain purchase of a new subsidiary	28	-	(2,384)
Gain on termination of lease	28	(17)	-
Overprovision of agent fees relating to EPCC projects	28	-	(5,724)
Reversal of impairment loss on trade receivables	28	(876)	(2,349)
Reversal of impairment loss on other receivables	28	(10)	-
Reversal of inventories written down	28	(25)	-
Reversal of inventories written off	28	(9)	-
Reversal of allowance for inventories obsolescence	28	-	(135)
Unrealised gain on foreign exchange	28	(761)	(1,513)
Operating profit/(loss) before working capital changes		4,253	(31,605)
(Increase)/decrease in inventories		(544)	2,931
(Increase)/decrease in trade and other receivables		(15,758)	559,791
Increase in contract assets		(544)	(7,511)
Increase/(decrease) in trade and other payables		6,521	(557,584)
Increase/(decrease) in contract liabilities		313	(1,021)
Cash used in operating activities		(5,759)	(34,999)
Interest paid		(2,074)	(1,842)
Interest received		364	460
Income tax paid		(1,408)	(695)
Income tax refunded		510	38
Net cash used in operating activities		(8,367)	(37,038)

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2023****Unaudited Condensed Consolidated Statement of Cash Flows (cont'd)**

	Note	12 months ended	
		30.06.2023	30.06.2022
		RM'000	RM'000
Cash flows from investing activities			
Acquisition of a subsidiary		-	(4,980)
Acquisition of property, plant and equipment		(410)	(2,757)
Increase in pledged fixed deposits with a licensed bank		(4,616)	(6)
Net cash used in investing activities		(5,026)	(7,743)
Cash flows from financing activities			
Drawdown of term loan		-	14,928
Proceeds from the issue of shares to non-controlling interests		225	-
Net proceeds from the issue of ordinary shares		12,635	41,355
Drawdown of bankers' acceptances		33,084	34,230
Payment from changes in ownership interests in a subsidiary		(90)	-
Repayment of lease liabilities		(1,041)	(946)
Repayment of term loans		(2,561)	(5,556)
Repayment of revolving credit		-	(11,196)
Repayment of bankers' acceptances		(34,496)	(30,085)
Net cash generated from financing activities		7,756	42,730
Net decrease in cash and cash equivalents		(5,637)	(2,051)
Effects of foreign exchange translation		(778)	(741)
Cash and cash equivalents at the beginning of the period		35,645	38,437
Cash and cash equivalents at the end of the period		29,230	35,645
Cash and cash equivalents at the end of the financial period comprise the following:			
Deposits, cash and bank balances		40,109	36,236
(Less) Bank overdraft		(5,672)	-
(Less) Fixed deposits pledged		(5,207)	(591)
		29,230	35,645

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2022.

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

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 30 June 2022. 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 30 June 2022.

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 financial year ended 30 June 2022 except for the following:

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 17, Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101 ‘Classification of Liabilities as Current or Non-current’	1 January 2023
Amendments to MFRS 101 ‘Disclosure of Accounting Policies’	1 January 2023
Amendments to MFRS 108 ‘Definition of Accounting Estimates’	1 January 2023
Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements - Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 Consolidated Financial Statements	Deferred
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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.

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

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

3. Qualification of audit report of the preceding annual financial statements

The auditors’ report on the annual financial statements of the Group for the financial year ended 30 June 2022 was qualified and the details of the qualification are as described below: -

Details of the qualified opinion disclosed in the external auditors’ report

In our opinion, except for the effects of the matters described in the basis for qualified opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, and of their financial performance and their cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for qualified opinion

Matters arising from previous financial period ended 30 June 2021

Our independent auditors’ report dated 30 December 2021 contains a qualified opinion on the financial statements for the previous financial period ended 30 June 2021 and the basis for our qualified opinion is as disclosed in the financial statements. Consequently, the matters referred in our qualifications for the financial period ended 30 June 2021 are included in the opening balances for the financial year ended 30 June 2022. We were unable to satisfy ourselves that the subsequent transactions, if any affecting these balances, that they do not contain material misstatements that materially affect the current period’s financial statements. We are therefore unable to satisfy ourselves in respect of the following assertions and obtain sufficient appropriate audit evidence to determine whether the following do not contain material misstatements:

- a) The accuracy, existence and completeness of trade receivable balances in relation to foreign project owners’ as at 1 July 2021 of the Group and the Company amounting to RM60,673,723 and RM11,857,355 respectively; and
- b) The accuracy and correctness of accumulated losses balance as at 1 July 2021 of the Group and the Company amounting to RM53,920,051 and RM38,106,746 respectively.

As disclosed in the financial statements, the status of EPCC contracts have further developed to the extent that the termination clause of the Settlement Agreements have been triggered with the non-payment of the instalment due by 30 June 2022. Nonetheless, on 20 September 2022, Novation Agreements were entered into with the same parties and the Group and the Company had novated their liabilities due to the Sub-contractors, to the Project Owners (“Employer”). The Group’s legal representative has agreed to be appointed as stakeholder for the purpose of payment, execution and/or administration of the Novation and Settlement Agreements.

Our opinion on the current year’s financial statements of the Group and of the Company is also qualified because of the possible effects of these matters on the comparability of the current year’s figures and the corresponding figures.

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2023**

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

3. Qualification of audit report of the preceding annual financial statements (cont’d)

Details of the qualified opinion disclosed in the external auditors’ report (cont’d)

Basis for qualified opinion (cont’d)

Matters arising from previous financial period ended 30 June 2021 (cont’d)

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing (“ISA”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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STANDARD (MFRS) 134 – INTERIM FINANCIAL REPORTING (cont'd)****4. Segment information****Results for 3 months ended 30 June 2023**

	Manufacturing RM'000	Construction / EPCC RM'000	Property trading / Others RM'000	Consolidated RM'000
Segment revenue				
Total revenue including inter-segment sales	23,614	10,756	-	34,370
(Less) inter-segment sales	<u>(442)</u>	<u>(586)</u>	<u>-</u>	<u>(1,028)</u>
External revenue	<u>23,172</u>	<u>10,170</u>	<u>-</u>	<u>33,342</u>
Segment results				
Results	3,345	(4,435)	(19)	(1,109)
Finance costs	(515)	(25)	(4)	(544)
Corporate expenses				(16,881)
Share of profit/(loss) of an associate				-
Profit before tax				<u>(18,534)</u>
Taxation				(983)
Loss after tax				<u>(19,517)</u>
Other information				
Finance income	<u>115</u>	<u>3</u>	<u>80</u>	<u>198</u>

Results for 3 months ended 30 June 2022

	Manufacturing RM'000	Construction / EPCC RM'000	Property trading / Others RM'000	Consolidated RM'000
Segment revenue				
Total revenue including inter-segment sales	20,998	7,781	5,207	33,986
(Less) inter-segment sales	<u>(27)</u>	<u>(2,499)</u>	<u>(5,207)</u>	<u>(7,733)</u>
External revenue	<u>20,971</u>	<u>5,282</u>	<u>-</u>	<u>26,253</u>

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
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STANDARD (MFRS) 134 – INTERIM FINANCIAL REPORTING (cont'd)****4. Segment information (cont'd)****Results for 3 months ended 30 June 2022 (cont'd)**

	Manufacturing RM'000	Construction / EPCC RM'000	Property trading / Others RM'000	Consolidated RM'000
Segment results				
Results	2,694	(34,020)	408	(30,918)
Finance costs	(475)	(26)	(16)	(517)
Corporate expenses				(16,017)
Share of profit/(loss) of an associate				45
Loss before tax				(47,407)
Taxation				9,682
Loss after tax				(37,725)
Other information				
Finance income	19	3	127	149

Results for 12 months ended 30 June 2023

	Manufacturing RM'000	Construction / EPCC RM'000	Property trading / Others RM'000	Consolidated RM'000
Segment revenue				
Total revenue including inter- segment sales	93,620	42,042	365	136,027
(Less) inter-segment sales	(1,530)	(2,453)	-	(3,983)
External revenue	92,090	39,589	365	132,044
Segment results				
Results	9,546	(5,804)	(87)	3,655
Finance costs	(1,936)	(98)	(40)	(2,074)
Corporate expenses				(23,658)
Share of profit/(loss) of an associate				-
Loss before tax				(22,077)
Taxation				(1,653)
Loss after tax				(23,730)
Other information				
Finance income	199	18	147	364

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STANDARD (MFRS) 134 – INTERIM FINANCIAL REPORTING (cont'd)****4. Segment information (cont'd)****Results for 12 months ended 30 June 2022**

	Manufacturing RM'000	Construction / EPCC RM'000	Property trading / Others RM'000	Consolidated RM'000
Segment revenue				
Total revenue				
including inter- segment sales	85,948	44,359	5,914	136,221
(Less) inter-segment sales	(86)	(2,499)	(5,207)	(7,792)
External revenue	<u>85,862</u>	<u>41,860</u>	<u>707</u>	<u>128,429</u>
Segment results				
Results	4,940	(35,714)	300	(30,474)
Finance costs	(1,756)	(68)	(18)	(1,842)
Corporate expenses				(21,120)
Share of profit/(loss) of an associate				<u>(3)</u>
Loss before tax				(53,439)
Taxation				9,682
Loss after tax				<u>(43,757)</u>
Other information				
Finance income	<u>51</u>	<u>4</u>	<u>405</u>	<u>460</u>

Segment revenue by countries

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	<u>33,342</u>	<u>26,253</u>	<u>132,044</u>	<u>128,429</u>

Segment non-current assets by countries

	Unaudited As at	Audited As at
	30.06.2023 RM'000	30.06.2022 RM'000
Malaysia	<u>49,263</u>	<u>55,646</u>

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

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

5. Changes in estimates

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

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash during the current quarter under review.

7. Comments about seasonal or cyclical factors

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

8. Dividend paid

There was no dividend paid by the Company during the quarter and financial period under review.

9. Acquisitions and disposals of property, plant and equipment

Acquisition and disposal/written off of items of property, plant and equipment by the Group is as follows:

	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	12 months ended	12 months ended
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM	RM	RM	RM
Acquisition (cost)	126,111	2,890,571	410,000	6,362,871
Disposal/written off (net book value)	<u>392,284</u>	<u>938</u>	<u>392,310</u>	<u>938</u>

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STANDARD (MFRS) 134 – INTERIM FINANCIAL REPORTING (cont'd)****10. Related party transactions**

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Expenditure:				
Insurance premium paid or payable to a related party, Transnational Insurance Brokers (M) Sdn. Bhd.	56	228	575	594
Purchase of AIPODS devices from a related party, Serba Dinamik IT Solutions Sdn. Bhd.	-	-	-	35
			Unaudited	Audited
			As at	As at
			30.06.2023	30.06.2022
			RM'000	RM'000
Amount due by related parties			-	7,725

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STANDARD (MFRS) 134 – INTERIM FINANCIAL REPORTING (cont'd)****10. Related party transactions (cont'd)**(ii) Transactions with an associate¹:

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Purchase of working attire	-	16	2	16
Purchase of motorcycle jacket	-	-	2	-
Purchase of signage	-	-	11	-
Purchase of safety personal protective equipment	-	-	-	2
Transport charges fee paid or payable	1	-	1	-
Construction and progress claim of PPAM show house gallery paid or payable	17	-	218	178
Construction and progress claim of batching plant paid or payable	-	-	-	25
Consultancy fee paid or payable	-	1,056	-	1,056

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

Note:

¹ Associate refers to Edaran Kencana Sdn. Bhd.

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STANDARD (MFRS) 134 – INTERIM FINANCIAL REPORTING (cont'd)****11. Investment in an associate**

	Unaudited	Audited
	As at	As at
	30.06.2023	30.06.2022
	RM'000	RM'000
Unquoted shares, at cost	300	302
Share of post-acquisitions reserve	-	(2)
(Less) Impairment loss on investment in an associate	(300)	(300)
	<u>-</u>	<u>-</u>

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Effective equity interest	
			Unaudited	Audited
			As at	As at
			30.06.2023	30.06.2022
Edaran Kencana Sdn. Bhd.	Malaysia	General contractors and builders, engineering consultancy and other related services	30%	30%

12. 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 during the quarter and financial period under review, except as disclosed in Part B Note 22.

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13. Changes in composition of the group

There were no changes in the composition of the Group during the quarter and financial period under review, except for the following:

Acquisition of remaining equity shareholdings

On 21 June 2022, the Company’s wholly-owned subsidiary, SCIB Industrialised Building System Sdn. Bhd. has acquired the remaining 30% equity shareholdings in existing subsidiary, SCIB LW System Sdn. Bhd. (“LWS”) for a cash consideration of RM90,000.

The registration of shares transfer was completed on 6 July 2022. Upon the completion of the proposed acquisition, LWS became a wholly-owned subsidiary of the Group.

Incorporation of SCIB Trading Sdn. Bhd.

On 30 December 2022, SCIB Trading Sdn. Bhd. (“SCIBT”), a wholly owned subsidiary of the Company, was incorporated in Malaysia with a paid-up capital of RM100,000. SCIBT is currently dormant and its intended principal activity is investment holding in dealing with capital market and derivatives instruments locally and internationally as well as in general merchants.

14. Capital commitments

	Unaudited	Audited
	As at	As at
	30.06.2023	30.06.2022
	RM’000	RM’000
Capital expenditure not provided for in the financial statements:		
Contracted for but not provided for	2,271	491

15. Contingent liabilities – unsecured

	Unaudited	Audited
	As at	As at
	30.06.2023	30.06.2022
	RM’000	RM’000
Corporate guarantee given to bank for credit facilities granted to a subsidiary	42,266	47,666
Financial guarantee provided to a licensed bank for credit facilities granted to a subsidiary	-	1,183
Material litigation (Note 27(i))	-	22,100

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16. Significant and subsequent events

Termination and novation of the contracts in relation to Qatar and Oman projects

The Company and its wholly-owned subsidiary, SCIB International (Labuan) Ltd. (“SCIBIL”) had on 10 November 2021 signed the respective Settlement Agreements with their Clients, who are the Project Owners, and the respective subcontractors for six projects carried out in Qatar and Oman that have been awarded to the Group. The salient terms of the said agreements were to terminate the Contracts and confirm the Parties’ obligations on the full and final settlement of debts and establish the terms and payment schedule for the amount owing between the Parties, after taking into consideration the following factors:

- a) The project progress was greatly affected by the manpower issues caused by the COVID-19 pandemic;
- b) The prolonged pandemic and travelling and operational restrictions posed challenges in the project management; and
- c) Slow payment and long outstanding debts owing by the Project Owners.

The final outstanding balances of the six projects with Settlement Agreements are reflected in the previous financial statements aggregating to:

	Group 2021 RM	Company 2021 RM
Trade receivables – others (Due from Project Owners)	561,122,581	67,082,549
Trade payables (Due to Sub-contractors)	561,122,581	67,082,549

The terms of the Settlement Agreements states that the Project Owners have guaranteed their obligations for settlement of the receivables and they have also guaranteed the payments to the sub-contractors in the event that the Settlement Agreements are terminated due to the non-compliance of the payment schedules. Based on the guarantee, the Group’s liability to the sub-contractors can be deemed to be novated to the Project Owners and set-off against the receivables due. The final claims stated in the Settlement Agreements are consistent with the provisions that were taken up in the financial statements.

Subsequently, on 20 September 2022, the Company and its wholly-owned subsidiary, SCIBIL has signed the respective Novation Agreements with the Project Owners and the respective subcontractors to novate all their obligations, rights, benefits and interest due to subcontractors to the Project Owners.

Due to the default in payment by the Project Owners which triggered the termination clause of the Settlement Agreements, the Company and SCIBIL had agreed to enter into the Novation Agreements to discharge all of the Company’s and SCIBIL’s liabilities/obligations towards the Settlement Agreements in regards to Debt 2.

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STANDARD (MFRS) 134 – INTERIM FINANCIAL REPORTING (cont'd)**

16. Significant and subsequent events (cont'd)

Termination and novation of the contracts in relation to Qatar and Oman projects (cont'd)

The Project Owners, the Company and SCIBIL have agreed to novate all of the Company's and SCIBIL's obligations, rights, benefits, and interests under Debt 2 pursuant to the Settlement Agreements to the Project Owners and the parties have also agreed that the Project Owners shall pay to the Company and SCIBIL the differential sum between Debt 1 and Debt 2 ("Differential Sum"), and that the Differential Sum shall be paid to the Company and SCIBIL on or before the next financial year ending 30 June 2023.

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REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD****17. Performance review**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
<u>By business segments</u>				
Revenue				
- Manufacturing	23,172	20,971	92,090	85,862
- Construction/EPCC	10,170	5,282	39,589	41,860
- Property trading /Others	-	-	365	707
Group revenue	33,342	26,253	132,044	128,429
Profit/(loss) before tax				
- Manufacturing	2,830	2,219	7,610	3,184
- Construction/EPCC	(4,460)	(34,046)	(5,902)	(35,782)
- Property trading /Others	(23)	392	(127)	282
	(1,653)	(31,435)	1,581	(32,316)
(Less) Corporate expenses	(16,881)	(16,017)	(23,658)	(21,120)
Share of profit/(loss) of an associate	-	45	-	(3)
Group loss before tax	(18,534)	(47,407)	(22,077)	(53,439)

The Group recorded revenue of RM33.3 million and loss before tax of RM18.5 million for the current quarter ended 30 June 2023, compared to revenue of RM26.3 million and loss before tax of RM47.4 million in the corresponding quarter of the preceding financial year, representing an increase of 26.6% in revenue and a decrease of 61% in loss before tax.

Manufacturing

Manufacturing segment being the pillar of the Group, continued to thrive and remained as the largest contributor to the Group's revenue. The segment reported revenue of RM23.2 million and profit before tax of RM2.8 million for the current quarter, compared to revenue of RM21 million and profit before tax of RM2.2 million in the corresponding quarter of the preceding financial year. The growth in revenue in the current quarter was primarily driven by the increase in sales volume of foundation piles. The increase in profitability in the current quarter was mainly contributed by higher profit margin.

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17. Performance review (cont'd)

Construction/EPCC

Construction/EPCC segment registered revenue of RM10.2 million with loss before tax of RM4.5 million for the current quarter, compared to revenue of RM5.3 million and loss before tax of RM34 million in the corresponding quarter of preceding financial period. The higher revenue in the current quarter was mainly due to existing road maintenance projects coupled with kick start of two new school projects. The loss before tax for corresponding quarter of the preceding financial year was higher due to impairment loss on trade and other receivables and expenditure incurred in consultancy fees on project related activities.

Property trading/Others

The property trading and other segments have not recorded any revenue for the current quarter.

18. Variation of results against preceding quarter

The Group recorded revenue of RM33.3 million and loss before tax of RM18.5 million for the current quarter, compared to revenue of RM32.4 million and profit before tax of RM211,000 in the immediate preceding quarter, representing a 2.8% increase in revenue. The higher loss before tax in the current quarter was mainly due to net impairment loss of trade and other receivables of RM19.1 million.

Manufacturing division reported revenue of RM23.2 million and profit before tax of RM2.8 million for the current quarter, compared to revenue of RM23.2 million and profit before tax of RM2.7 million in the immediate preceding quarter. The revenue and profit before tax in the current quarter remained relatively the same as compared to the immediate preceding quarter.

Construction/EPCC division recorded revenue of RM10.2 million and loss before tax of RM4.5 million for the current quarter, compared to revenue of RM9.2 million and profit before tax of RM9,000 in the immediate preceding quarter. The increased revenue in this quarter was mainly contributed by the two new school projects. The higher loss in this quarter was mainly due to net impairment loss on trade and other receivables of RM5.4 million.

Property trading and other divisions have not registered any revenue for the current and immediate preceding quarter.

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19. Prospects for the next year

At the global level, economic forecasts by the International Monetary Fund (IMF) serve as a critical yardstick. According to the IMF, Malaysia's GDP growth is estimated at 4.5% for 2023, moderating from the 8.7% surge witnessed in 2022. Concurrently, the spectre of inflation lingers, with a forecasted rate of 3.25% primarily due to persistent core inflationary pressures.

Expanding the lens to the global economy, the IMF predicts a modest growth rate of 2.8% for 2023, a slight downward adjustment from their January 2023 projection of 2.9%. In the medium-term perspective, global growth is forecasted to stabilise around 3.0%, thereby indicating that the global economic engine may not regain its pre-pandemic velocity in the near future.

Zooming into the domestic economy, the Malaysian government's projection mirrors the IMF's forecast, envisioning a 4.5% growth rate in 2023. The primary drivers are anticipated to be domestic economic activities and a suite of measures aimed at fostering sustainable growth. Furthermore, Bank Negara Malaysia (BNM) also projects a moderate expansion pace for the domestic economy in 2023, underpinned by robust domestic demand, labour market recovery, and the realisation of several multi-year investment projects.

Within this economic context, SCIB's strategic approach manifests resilience and adaptability. The Group has successfully secured RM7.7 million in Engineering, Procurement, Construction, and Commissioning (EPCC) contracts in Q4, underscoring SCIB's proactive engagement in securing small-to-mid-sized construction projects across Malaysia.

As of to date, the total remaining order book for construction contract value stood at some robust RM275 million.

Furthermore, SCIB takes a positive view of China's recent RM170 billion investment commitment. This massive foreign investment could potentially catalyse significant spill-over effects for the broader national economy and, correspondingly, the domestic construction industry. This development may pave the way for enhanced growth opportunities for SCIB.

Sarawak is currently witnessing an upswing in its construction sector, offering an array of investment opportunities amplified by diverse infrastructure projects with a collective value of RM45.97 billion. The robust project portfolio includes prominent ventures such as the Pan Borneo Highway, Coastal Road, and Second Trunk Road, which are contributing to a vibrant business climate and potential surge in job opportunities. Furthermore, an additional 92 infrastructure projects, funded by the federal government with a total worth of RM1.09 billion, are set to strengthen Sarawak's economic resilience.

The Pan Borneo Highway project exemplifies the substantial opportunities for infrastructural development and economic growth within Sarawak. The planned commencement of the remaining 20 packages of this project before year-end signifies a substantial commitment to stimulating the regional economy and job market. This infrastructural initiative will serve as a catalyst, connecting communities, facilitating trade, and boosting the region's development trajectory. Considering these factors, Sarawak's burgeoning construction sector emerges as a prime market for discerning investors.

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

To fortify its financial position, SCIB initiated a private placement that raised approximately RM12.76 million in gross proceeds. The intended use of these funds includes augmenting the Group's working capital, repaying existing bank borrowings, and financing the expenses linked to the proposed placement. This move further underscores SCIB's prudent financial management, as is evident from the successful listing of the first tranche of this placement on the Main Market in April 2023 and the second tranche in June 2023.

A key element of SCIB's strength lies in its leading role as a precast concrete and Industrialised Building System (IBS) manufacturer in East Malaysia. The Group has an annual capacity to supply 500,000 tonnes of building materials. Complemented by strategically located wharf facilities in Kuching, Sarawak, SCIB fortifies its competitive edge and positions itself to better serve and access the markets in neighbouring regions.

The Malaysian government's ongoing commitment to infrastructure development, notably the continuation of the Pan Borneo Highway project and the planned commencement of the Trans Borneo highway project in 2024, provides SCIB with a significant opportunity. This governmental focus aligns with SCIB's core capabilities in EPCC and its ability to supply crucial building materials, thus offering promising prospects for the Group.

In summary, the future outlook for SCIB is constructed upon a comprehensive understanding of the broader economic environment, encompassing both global and domestic spheres. Guided by its strategic initiatives, prudent financial management, and unwavering commitment to sustainable growth, SCIB is well-equipped to navigate the evolving economic landscape.

The Group's focus remains firmly fixed on growth and expansion, maintaining an objective stance towards the forthcoming challenges and opportunities in its path.

20. i) Variance of actual profit from forecast profit

Not applicable

ii) Shortfall in the profit guarantee

Not applicable

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	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Current tax expense	926	327	1,846	327
Under/(over) provision of tax in prior year	61	(10,009)	(189)	(10,009)
Deferred tax income	(4)	-	(4)	-
	<u>983</u>	<u>(9,682)</u>	<u>1,653</u>	<u>(9,682)</u>

The Group is subject to income tax at the applicable statutory tax rates in Malaysia. Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period.

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22. Corporate proposals

On 11 January 2023, the Company has proposed to undertake a private placement of up to 10% of the issued ordinary shares of SCIB at an issue price to be determined later ("Proposed Private Placement").

On 16 January 2023, the Company has submitted the listing application to Bursa Securities in relation to the Proposed Private Placement. The listing application is subject to Bursa Securities' approval.

The Bursa Securities had vide its letter dated 6 March 2023, resolved to approve the listing of and quotation for up to 82,722,252 Placement Shares to be issued pursuant to the Proposed Private Placement.

On 4 April 2023, the Company has resolved to fix the issue price for the 1st tranche of the Private Placement at RM0.1078 per Placement Share. The issue price of RM0.1078 per Placement Share represents a discount of RM0.0119 or approximately 9.94% to the five (5)-day volume weighted average market price of SCIB Shares for the last five (5) market days up to and including 4 April 2023 of RM0.1197 per SCIB Share.

On 11 April 2023, the Company had allotted and issued 25,000,000 new ordinary shares at an issue price of RM0.1078 per share pursuant to the first tranche of the Private Placement ("1st Tranche Private Placement").

On 13 April 2023, the 1st tranche of the Private Placement comprising 25,000,000 Placement Shares were listed and quoted on the Main Market of Bursa Securities.

On 15 June 2023, the Company has resolved to fix the issue price for the 2nd tranche Private Placement at RM0.3031 per Placement Share represents a discount of RM0.0336 or approximately 9.98% to the five (5)-day volume weighted average market price of SCIB Shares for the last five (5) market days up to and including 14 June 2023 of RM0.3367 per SCIB Share.

On 20 June 2023, the 2nd tranche of the Private Placement comprising 33,203,753 Placement Shares were listed and quoted on the Main Market of Bursa Securities.

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22. Corporate proposals (cont'd)

As at 30 June 2023, the Company had allotted and issued 58,203,753 Placement Shares as follows:

- (i) 25,000,000 Placement Shares at an issue price of RM0.1078 per Placement Share pursuant to the 1st Tranche Private Placement; and
- (ii) 33,203,753 Placement Shares at an issue price of RM0.3031 per Placement Share pursuant to the 2nd tranche of the Private Placement (“2nd Tranche Private Placement”).

Description	Estimated timeframe for utilization of proceeds from the date of listing of the placement shares*	Proposed Utilisation		Actual Utilization RM'000	Balance RM'000
		Maximum Scenario#	Based on Actual Proceeds		
		RM'000	RM'000		
Working capital ⁽ⁱ⁾	Within 12 months	3,500	3,500	3,500	-
Repayment of bank borrowings ⁽ⁱⁱ⁾	Within 12 months	7,077	8,859	4,546	4,313
Estimated expenses for the Proposed Private Placement ⁽ⁱⁱⁱ⁾	Within 3 months	400	400	147	253
Total proceeds		10,977	12,759	8,193	4,566

Notes:

* From the date of listing of the Placement Shares.

Assuming all of the 245,184,997 outstanding Warrants as at 30 December 2022 are exercised prior to the implementation of the Private Placement.

- (i) The Company intends to utilise part of the proceeds to be raised from the Proposed Private Placement for payroll (staff salary) to supplement the existing working capital of the Group and to help improve the cash flow of the Group.
- (ii) The Company proposes to utilise up to approximately RM7.077 million of the proceeds to reduce the bank borrowings (banker's acceptance) of SCIB Group. The excess in the actual proceeds as compared to the maximum scenario was due to differences in the issue price, the proceeds will be allocated to repayment of bank borrowings.
- (iii) This includes payment of fees to Bursa Securities, adviser and placement agent. Any deviation in the actual amount of expenses for the Proposed Private Placement will be adjusted accordingly to/from the working capital of SCIB Group.

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	Unaudited	Audited
	As at	As at
	30.06.2023	30.06.2022
	RM'000	RM'000
Short-term borrowings		
Secured	26,168	21,784
Long-term borrowings		
Secured	20,455	23,140
	<u>46,623</u>	<u>44,924</u>

All of the above borrowings are denominated in Ringgit Malaysia.

24. Derivatives financial instruments

There were no outstanding derivatives as at the date of this report.

25. Proposed dividend

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

26. Loss per share

The basic loss per share is computed by dividing the profit or loss for the period by the number of weighted average ordinary shares of the Group in issue during the period:

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Loss attributable to owners of the Company (RM'000)	(19,694)	(37,696)	(24,419)	(43,600)
Weighted average number of ordinary shares in issue ('000)	588,358	559,248	588,358	559,248
Basic loss per share (sen)	<u>(3.34)</u>	<u>(6.74)</u>	<u>(4.15)</u>	<u>(7.80)</u>

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27. Material litigation

- (i) Litigation between SCIB Properties Sdn. Bhd. (“the Plaintiff”) and Puncak Gemilang Melati Sdn. Bhd. (“the Defendant”)

On 24 June 2021, the Company’s wholly-owned subsidiary, SCIB Properties Sdn. Bhd. (“SCIBP”) filed a civil suit against Puncak Gemilang Melati Sdn. Bhd. (“PGM”) for the return of the sum of RM1.000 million paid to PGM. The Group’s claim was that PGM had no legal standing to have issued a Letter of Award for the position of subcontractor to SCIBP. PGM has counterclaimed, among others, for a declaration that the Letter of Award issued to SCIBP is valid and binding and for damages amounting to RM22.100 million for alleged loss of profit, exemplary damages and legal fees.

The Case Management of the main suit has been fixed on 17 February 2022 and subsequently, the trial date was fixed for 13 September 2022 to 15 September 2022.

On 13 September 2022, the trial was concluded and the parties were directed as follows:

- a) Parties are to finalise the Notes of Proceedings on/before 4 October 2022;
- b) Parties are to file their respective written submissions on/before 1 November 2022;
- c) Parties are to file their respective written submissions in reply on/before 22 November 2022;
and
- d) The matter is fixed for decision/clarification on 14 December 2022.

SCIBP's claims and PGM's counterclaims were both dismissed on 14 December 2022 as decided by the Shah Alam High Court in Civil Suit No.:BA-22NCVC-247-06/2021.

- (ii) Litigation between Sarawak Consolidated Industries Berhad (“the Plaintiff”) and Dynamic Prestige Consultancy Sdn. Bhd. (“the Defendant”)

The Company as the Plaintiff wishes to announce that the Company had on 26 July 2023 through its solicitors, Messrs. Halim Hong & Quek served the said Summons under Suit No. BA-22NCC-83-07/2023 to the Defendant and claiming from them to refund the sum of RM14,000,000 back to the Plaintiff.

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment, right-of-use assets and investment property	1,239	1,573	5,687	4,932
Finance costs	544	517	2,074	1,842
Impairment loss on property, plant and equipment	267	-	267	-
Impairment loss on trade receivables	182	16,254	182	16,408
Impairment loss on other receivables	19,778	8,914	19,779	8,914
Impairment loss on contract assets	-	1,862	-	1,862
Impairment of investment in an associate	-	300	-	300
Inventories written down	10	137	11	137
Property, plant and equipment written off	392	1	392	1
Share of loss of an associate	-	(45)	-	3
Finance income	(198)	(149)	(364)	(460)
Gain on bargain purchase of a new subsidiary	-	(2,364)	-	(2,384)
Gain on termination of lease	(17)	-	(17)	-
Overprovision of agent fees relating to EPCC projects	-	(5,724)	-	(5,724)

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No. 197501003884 (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2023****PART B - ADDITIONAL INFORMATION PURSUANT TO THE MAIN MARKET LISTING
REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD (cont'd)****28. Additional disclosure on loss for the period (cont'd)**

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Reversal of impairment loss on trade receivables	(876)	(2,349)	(876)	(2,349)
Reversal of impairment loss on other receivables	-	-	(10)	-
Reversal of allowance for inventories obsolescence	-	(135)	-	(135)
Reversal of inventories written down	(25)	-	(25)	-
Reversal of inventories written off	(29)	(13)	(9)	-
Unrealised gain on foreign exchange	<u>(742)</u>	<u>(1,221)</u>	<u>(761)</u>	<u>(1,513)</u>

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 28 August 2023.