



**SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

*(Registration No.: 197501003884 (25583-W))*

*(Incorporated in Malaysia)*

**SUBJECT: DEVIATION BETWEEN UNAUDITED RESULTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

Pursuant to paragraph 9.19(35) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors (“Board”) of Sarawak Consolidated Industries Berhad (“SCIB” or “the Company”) wishes to announce that there is a deviation of more than 10% between the profit after tax and Non-Controlling Interest of the Group stated in the unaudited sixth quarterly results for the financial period ended 30 June 2021 announced on 30 September 2021 (“Unaudited Results”) and audited financial statements for the financial period ended 30 June 2021 (“Audited Financial Statements”). An explanation and reconciliation of the deviation is detailed below:

**Reconciliation of profit after tax between announced unaudited financial statements and audited financial statements.**

	<b>RM’000</b>	<b>RM’000</b>
Profit after tax and non-controlling interest per announced unaudited financial statements		<b>44,823</b>
Adjustment:		
Provision / Reversal of Impairment Loss: -		
- Impairment of trade receivables for overseas projects	(50,890)	
- Impairment of trade receivables for manufacturing	(2,649)	
- Reversal of impairment of other receivables	1,000	(52,539)
Reclassification of Gain from Settlement Agreement		5,514

Recognition of Consultancy fee		(1,665)
Others: -		
- Additional recognition of project profit		68
- Additional administrative expenses		(389)
Loss after tax and non-controlling interest per announced audited financial statements		<b>(4,188)</b>

## **1. Provision / Reversal of Impairment Loss – RM52.5 million**

### Trade Receivables - Construction

Subsequent to the financial period end, the Company and its wholly owned subsidiary, SCIB International (Labuan) Ltd, had on 10 November 2021 signed settlement agreements (“Settlement Agreements”) with all the parties of the six projects carried out in Qatar and Oman. The project owners have agreed to pay the outstanding amount according the payment schedule agreed by both parties.

However, the balances due from the overseas projects (inclusive of the six projects carried out in Qatar and Oman) were not received to date. Thus, additional impairment of RM50.9 million was provided in compliance with MFRS 9.

In the event that the balances due from the overseas projects are collected subsequently, reversal of the impairment will be made accordingly.

### Trade Receivables - Manufacturing

Based on the payment profiles of sales over the period of 18 months, additional impairment of RM2.6 million was provided.

In the event that the trade receivables are collected subsequently, reversal of the impairment will be made accordingly.

### Other Receivables

Reversal of impairment of other receivables amounting RM1 million is due to recognition of advance payments made for project being awarded subsequent to the financial period end.

## **2. Reclassification of Gain from Settlement Agreement with Gaya Belian and others on 11 December 2020 – RM5.5 million**

Gain in relation to the Settlement Agreement with Gaya Belian Sdn. Bhd. and others of RM5.5 million was reclassified from movement in reserves to other income.

**3. Consultancy fees – RM1.7 million**

Recognition of consultancy fees for unsuccessful projects of RM1.7 million as expenses. Should the projects be successful awarded to the Company, the consultancy fees will be recognized as project cost and amortized over the duration of projects.

Date of Announcement: 31 December 2021