

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)****INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019****Unaudited Condensed Consolidated Statement of Comprehensive Income**

		3 months ended 31 December 2019	3 months ended 31 December 2018	12 months ended 31 December 2019	12 months ended 31 December 2018
	Note	RM'000	RM'000	RM'000	RM'000
<b>Continuing Operations</b>					
Revenue	4	28,627	18,511	85,790	75,957
Cost of sales		(22,910)	(16,846)	(68,464)	(64,547)
<b>Gross profit</b>		<b>5,717</b>	<b>1,665</b>	<b>17,326</b>	<b>11,410</b>
Other income		141	1,241	3,586	1,930
Administrative expenses		(2,523)	(4,933)	(8,291)	(14,774)
Selling and marketing expenses		(1,994)	(1,536)	(7,706)	(6,583)
<b>Operating profit/(loss)</b>		<b>1,341</b>	<b>(3,563)</b>	<b>4,915</b>	<b>(8,017)</b>
Finance costs		(508)	(497)	(1,851)	(1,912)
<b>Profit/(loss)/ before tax</b>		<b>833</b>	<b>(4,060)</b>	<b>3,064</b>	<b>(9,929)</b>
Income tax expense	20	(44)	136	(44)	137
<b>Profit/(loss) for the period attributable to equity holders of the Company</b>		<b>789</b>	<b>(3,924)</b>	<b>3,020</b>	<b>(9,792)</b>
<b>Other comprehensive income, net of tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive profit/(loss) for the period attributable to equity holders of the Company</b>		<b>789</b>	<b>(3,924)</b>	<b>3,020</b>	<b>(9,792)</b>
<b>Profit/(loss) per share attributable to equity holders of the Company:</b>					
Basic, for profit/(loss) for the period (sen)	25	0.92	(4.57)	3.52	(11.40)
Diluted, for profit/(loss) for the period (sen)- Not Applicable					

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

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)****INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019****Unaudited Condensed Consolidated Statements of Financial Position**

		As At 31 December 2019 (Unaudited) RM'000	As At 31 December 2018 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	44,199	35,634
Other assets		6,190	7,362
Goodwill on acquisition		-	-
		<b>50,389</b>	<b>42,996</b>
<b>Current assets</b>			
Inventories		24,452	21,756
Trade receivables		29,783	29,995
Other receivables		379	754
Other current assets		1,637	955
Income tax recoverable		10	83
Deposits, cash & bank balances		9,035	5,402
		<b>65,296</b>	<b>58,945</b>
<b>TOTAL ASSETS</b>		<b>115,685</b>	<b>101,941</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		85,913	85,913
Accumulated losses		(34,042)	(37,062)
<b>Total equity</b>		<b>51,871</b>	<b>48,851</b>
<b>Non-current liabilities</b>			
Borrowings	22	19,656	16,290
Other payables		66	163
Deferred taxation		-	-
		<b>19,722</b>	<b>16,453</b>
<b>Current liabilities</b>			
Borrowings	22	17,769	10,015
Trade payables		20,039	22,936
Other payables		6,284	3,686
Other current liabilities		-	-
Tax provision		-	-
		<b>44,092</b>	<b>36,637</b>
<b>Total liabilities</b>		<b>63,814</b>	<b>53,090</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>115,685</b>	<b>101,941</b>
<b>Net assets per share (RM)</b>		<b>0.60</b>	<b>0.57</b>

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

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

**Unaudited Condensed Consolidated Statements of Changes in Equity**

	← Attributable to owners of the Company →				Total
	Share capital	Share premium	Revaluation reserve	Accumulated losses	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	85,913	-	-	(27,271)	58,642
Total comprehensive loss for the period	-	-	-	(9,791)	(9,791)
At 31 December 2018	<u>85,913</u>	<u>-</u>	<u>-</u>	<u>(37,062)</u>	<u>48,851</u>
At 1 January 2019	85,913	-	-	(37,062)	48,851
Total comprehensive profit for the period	-	-	-	3,020	3,020
At 31 December 2019	<u>85,913</u>	<u>-</u>	<u>-</u>	<u>(34,042)</u>	<u>51,871</u>

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

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)****INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019****Unaudited Condensed Consolidated Statements of Cash Flow**

	12 Months ended 31 December 2019 RM'000	12 Months ended 31 December 2018 RM'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	3,064	(9,929)
Adjustment for:		
Interest income	(672)	(451)
Interest expense	1,851	1,912
Depreciation of property, plant and equipment	3,717	4,826
Expected credit loss on trade receivables	233	4,359
Expected credit loss on other receivables	274	5
Reversal of impairment loss on trade receivables	(620)	(2,284)
Impairment on goodwill	-	284
Bad debts written off	40	-
Impairment loss on property, plant and equipment	-	3,318
Gain from a subsidiary under creditor's voluntary liquidation (Note 26)	(1,046)	-
Gain on disposal of property, plant & equipment	(138)	-
Inventories written down	567	795
Operating profit before working capital changes	<u>7,270</u>	<u>2,835</u>
(Increase)/decrease in inventories	(3,263)	710
Increase in trade and other receivables	(4,805)	(8,673)
(Increase)/decrease in other assets	1,172	520
Increase in other current assets	(687)	(461)
Decrease in contract asset	-	4,428
Decrease in other current liabilities	-	(13)
Increase in trade and other payables	6,386	1,063
Increase in fixed deposit pledged to bank	(179)	(7)
Cash generated from operations	<u>5,894</u>	<u>402</u>
Taxation credit/(paid)	-	(49)
Interest received	672	53
Interest paid	(1,851)	(1,911)
Net cash generated from/(used in) operating activities	<u>4,715</u>	<u>(1,505)</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(12,493)	(87)
Proceeds from disposal of property, plant & equipment	139	-
Net cash outflows from a subsidiary under creditors' voluntary liquidation	(63)	-
Net cash used in investing activities	<u>(12,417)</u>	<u>(87)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	22,504	18,585
Repayment of borrowings	(10,826)	(16,089)
Repayment of obligations under finance leases	(428)	(565)
Net cash generated from financing activities	<u>11,250</u>	<u>1,931</u>
<b>Net increase in cash and cash equivalents</b>	<u>3,548</u>	<u>340</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>4,925</u>	<u>4,585</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>8,473</u>	<u>4,925</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	9,035	5,402
Bank overdraft (included within short term borrowings in Note 22)	-	(95)
Less: Fixed deposit pledged	(562)	(382)
	<u>8,473</u>	<u>4,925</u>

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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

**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 2018. 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 2018.

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

**2. Significant accounting policies**

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2018 except for the adoption of the following with effect from 1 January 2019:

Annual improvements to MFRS Standards 2015-2017 Cycle:

(i) Amendments to MFRS 3: Business Combinations

(ii) Amendments to MFRS 11: Joint Arrangements

(iii) Amendments to MFRS 112: Income Taxes

(iv) Amendments to MFRS 123: Borrowing Costs

IC Interpretation 23: Uncertainty over Income Tax Treatment

MFRS 16: Leases

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendment to MFRS 119: Employee Benefits Plan Amendment, Curtailment or Settlement

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 101 and MFRS 108: Definition of Material

Revised Conceptual Framework for Financial Reporting

MFRS 17: Insurance Contracts

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Deferred

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

**3. Auditors’ report on preceding annual financial statements**

The auditors’ report on the financial statements for the year ended 31 December 2018 was not qualified.

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)****INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019****NOTES (cont'd)****4. Segmental information****Results for 3 months ended 31 December 2019**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Const- ruction RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Revenue</b>					
Total revenue including inter-segment sales	20,653	-	7,997	-	28,650
Less: Inter-segment sales	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23)</u>
External revenue	<u>20,630</u>	<u>-</u>	<u>7,997</u>	<u>-</u>	<u>28,627</u>
<b>Segment Results</b>					
Results	611	-	737	(7)	1,341
Finance costs	(508)	-	-	-	<u>(508)</u>
Profit before tax					833
Income tax credit/ (expense)					(44)
Profit after tax					<u>789</u>
<b>Other information</b>					
Interest income	<u>458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>458</u>

**Results for 3 months ended 31 December 2018**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Const- ruction RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Revenue</b>					
Total revenue including inter-segment sales	20,471	-	(1,960)	-	18,511
Less: Inter-segment sales	-	-	-	-	-
External revenue	<u>20,471</u>	<u>-</u>	<u>(1,960)</u>	<u>-</u>	<u>18,511</u>

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)****INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019****NOTES (cont'd)****4. Segmental information (cont'd)****Results for 3 months ended 31 December 2018 (cont'd)**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Const- ruction RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Results</b>					
Results	7,070	(43)	(10,583)	(7)	(3,563)
Finance costs	(497)	-	-	-	(497)
Loss before tax					(4,060)
Income tax credit /(expense)					136
Loss after tax					(3,924)
<b>Other information</b>					
Interest income	414	-	-	-	414

**Results for 12 months ended 31 December 2019**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Const- ruction RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Revenue</b>					
Total revenue including inter- segment sales	77,716	-	8,282	-	85,998
Less: Inter-segment sales	(208)	-	-	-	(208)
External revenue	77,508	-	8,282	-	85,790
<b>Segment Results</b>					
Results	3,159	(39)	1,805	(10)	4,915
Finance costs	(1,851)	-	-	-	(1,851)
Profit before tax					3,064
Income tax credit/ (expense)					(44)
Profit after tax					3,020
<b>Other information</b>					
Interest income	587	-	85	-	672

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)****INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019****NOTES (cont'd)****4. Segmental information (cont'd)****Results for 12 months ended 31 December 2018 (cont'd)**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Const- ruction RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Revenue</b>					
Total revenue including inter-segment sales	75,957	-	-	-	75,957
Less: Inter-segment sales	-	-	-	-	-
External revenue	<u>75,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,957</u>
<b>Segment Results</b>					
Results	3,305	(79)	(11,234)	(9)	(8,017)
Finance costs	(1,912)	-	-	-	(1,912)
Loss before tax					<u>(9,929)</u>
Income tax credit/(expense)					137
Loss after tax					<u>(9,792)</u>
<b>Other information</b>					
Interest income	<u>451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>451</u>

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 December 2019 except as disclosed in Note 2.

**6. Changes in estimates**

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

**7. Comments about seasonal or cyclical factors**

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

**8. Dividend**

The Group did not declare or pay any dividend during the quarter and financial period ended 31 December 2019.

**9. Acquisitions and disposals of property, plant and equipment**

During the quarter and financial year ended 31 December 2019, the Group acquired Property, Plant and Equipment ("PPE") with an aggregate cost of RM11,908,775 (4<sup>th</sup> Quarter 31 December 2018: RM65,551) and RM12,620,850 (31 December 2018: RM700,999). Net Book Value of PPE disposed/ written off by the Group for the financial period ended 31 December 2019 was RM1,156 (4<sup>th</sup> Quarter 31 December 2018: RM87).

# **SARAWAK CONSOLIDATED INDUSTRIES BERHAD** (25583-W)

## **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

### **NOTES (cont'd)**

#### **10. Related party disclosures**

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

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Income</b>				
Sale of construction materials to:				
-Zecon Berhad	-	-	-	154
-Petra Jaya Properties Sdn. Bhd.	579	-	730	-
-Oricon Sdn. Bhd.	-	-	-	135
-Rekaruang Sdn Bhd	(4)	-	64	-
<b>Expenditure</b>				
Insurance premium paid to Transnational Insurance Brokers (M) Sdn. Bhd.	133	143	464	374
Rental paid to Reignvest Corporation Sdn. Bhd.	180	180	540	720
Purchase of roofing construction material from Super Glory Sdn. Bhd.	-	-	9	27

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

#### **11. Debt and equity securities**

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

#### **12. Changes in composition of the Group**

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

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE  
FOURTH QUARTER ENDED 31 DECEMBER 2019**

**NOTES (cont'd)**

**13. Capital commitments**

	<b>As At 31.12.2019 RM'000</b>	<b>As At 31.12.2018 RM'000</b>
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	98	551
Approved but not contracted for	2,953	10,930
	<u>3,051</u>	<u>11,481</u>
	=====	=====

**14. Contingent liabilities – Unsecured**

	<b>As At 31.12.2019 RM'000</b>	<b>As At 31.12.2018 RM'000</b>
Corporate guarantee given to bank for credit facilities granted to a subsidiary	30,314	26,304
	<u>30,314</u>	<u>26,304</u>
	=====	=====

**15. Subsequent event**

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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

**NOTES (cont'd)**

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

**16. Performance review**

The Group's revenue increased by 55% from RM18.5 million in the last quarter of 2018 to RM28.6 million in the last quarter of 2019. Increase of revenue primarily due to increase of construction revenue from overseas and within Malaysia. A profit before tax of RM833,000 was reported for this quarter as compared to a loss before tax of RM4.06 million approximately posted in the corresponding quarter last year.

On a year-to-date basis, the Group reported revenue of RM85.8 million in year 2019, as compared to RM75.9 million last year representing an increase of 13%. The manufacturing division being the key driver and largest contributor to the Group's revenue, reported revenue of about RM77.5 million and RM75.9 million for the year ended 31 December 2019 and 31 December 2018 respectively. However, the Group recorded a profit before tax of RM3.1 million as compared to a loss before tax of RM9.9 million approximately last year. The profit is mainly attributable to the construction revenue and recognition of gain from deconsolidation of a subsidiary under creditors' voluntary liquidation. Besides that, there is lower impairment loss expense incurred as compared to last year.

The net assets of the Group as at 31 December 2019 stood at RM51.9 million which translates to RM0.60 net assets value per share.

**17. Variation of results against preceding quarter**

The Group registered a profit before tax of RM833,000 from a revenue of RM29 million for the current quarter as compared to a profit before tax of RM752,000 from a revenue of RM21.9 million in the preceding quarter. The higher profit before tax in the current quarter was mainly contributed by project income.

**18. Prospects for the next financial year**

Backed by an established base in building materials manufacturing, the Group has set to grow further into the pertinent Engineering, Manufacturing, Construction and Commissioning (EMCC) sector. As a step forward into this direction, the Group has successfully secured five (5) projects worth of RM175 million in Malaysia and overseas by the end of 2019. The projects are on track and is expected to continue contributing to the Group in 2020.

According to a report published by Fitch Solutions, Malaysian construction market is projected to recover and pick up at a faster pace of 3.5% in real terms this year, as compared to the tepid industry activity throughout 2019. The increased development expenditure allocation of RM56 billion in Budget 2020 and the mega infrastructure project revival are deemed sufficient to stimulate construction activity. Project implementation is also expected to speed up by Malaysian government to support domestic economic growth in view of external headwinds. The sector growth contributor is likely to be spearheaded by civil engineering works across the fields of infrastructure, buildings, roads and bridges.

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019****NOTES (cont'd)****18. Prospects for the next financial year (cont'd)**

In Sarawak, where our home state is, the state-funded people-centric projects are awaited to be rolling out in upcoming years, including the notable Second Trunk Road, Coastal Road, Project Rakyat, Water Supply Grid Programme and others. With our strong foothold there, we believe we have the localised advantage to provide supports for the state's development initiatives. Outside of Malaysia, we are holding positive views on Indonesia, Oman and Qatar based on our market experiences and networks. There are ample opportunities in construction jobs, such as, from our neighbour, Indonesia through the capital relocation from Jakarta to Kalimantan; infrastructure requirements from Qatar to anticipate the upcoming FIFA World Cup 2022 event; as well as the development of Special Economic Zone attracting foreign investment into Oman.

Going forward, the Group will focus on key strategies to enhance its operational performance: (i) expanding into potential geographical markets; (ii) strengthening in-house construction capabilities; (iii) exploring supply chain partnerships or technology enabler that can improve efficiency and productivity. Riding on the synergies of our manufacturing and construction expertise, the Group is optimistic with its prospects.

Sources:

<https://www.fitchsolutions.com/corporates/infrastructure-project-finance/malaysian-construction-market-growth-pick-2020-13-02-2020>

<https://sbr.com.sg/building-engineering/asia/malaysias-construction-sector-grow-35-in-2020>

<http://www.bursamarketplace.com/index.php?ch=research&pg=research&ac=940997&bb=957660>

<https://www.newsarawaktribune.com.my/accelerating-development-for-the-wellbeing-of-all-sarawakians/>

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

Not applicable

**(b) Shortfall in the profit guarantee**

Not applicable

**20. Income tax (credit)/expense**

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current income tax	50	56	50	56
(Over)/under provision of tax in prior year	(6)	(74)	(6)	(75)
	44	(18)	44	(19)
Deferred income tax relating to origination and reversal of temporary difference	-	(118)	-	(118)
<b>Total income tax (credit)/expense</b>	<b>44</b>	<b>(136)</b>	<b>44</b>	<b>(137)</b>

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

**NOTES (cont'd)**

**21. Corporate Proposals**

The manufacturing division (i.e. SCIB Concrete Manufacturing Sdn Bhd) entered into a Sale and Purchase Agreement (“SPA”) with Reignvest Corporation Sdn Bhd (“Vendor”), a company related to the directors and major shareholders of the group company for the proposed acquisition of a parcel of land together with two units of industrial buildings situated at Sejingkat Industrial Park, Kuching. On 15 July 2019, the Company has received the approval letter from the Land and Survey Department, Kuching division for the transfer of the Property from the Vendor to the Company. The transaction has been completed on 29 November 2019 after the release of the final balance of the purchase price to Vendor.

In addition, the Company has accepted Letters of Award and Acceptance (“LOA”) for three (3) engineering, procurement, construction and commissioning (“EPCC”) contracts. Whereas, the property division (i.e. SCIB Properties Sdn Bhd) has accepted the LOA for two (2) EPCC contracts.

**22. Borrowings**

	<b>As at 31.12.2019 RM'000</b>	<b>As at 31.12.2018 RM'000</b>
<b>Short term borrowings</b>		
Secured	17,769	9,920
Unsecured	-	95
	<u>17,769</u>	<u>10,015</u>
<b>Long term borrowings</b>		
Secured	19,656	16,290
	<u>37,425</u>	<u>26,305</u>

All of the above borrowings are denominated in Ringgit Malaysia.

**23. Derivatives financial instruments**

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

**24. Dividend payable**

No interim ordinary dividend has been declared for the financial period ended 31 December 2019 (31 December 2018: Nil).

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)****INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019****NOTES (cont'd)****25. Basic profit/(loss) per share**

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(loss) attributable to ordinary equity holders of the Company	<u>789</u>	<u>(3,924)</u>	<u>3,020</u>	<u>(9,792)</u>
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Weighted average number of ordinary shares in issue	<u>85,882,500</u>	<u>85,882,500</u>	<u>85,882,500</u>	<u>85,882,500</u>
	<b>3 months ended</b>	<b>3 months ended</b>	<b>12 months ended</b>	<b>12 months ended</b>
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Basic profit/(loss) per share for profit/(loss) for the period	<u>0.92</u>	<u>(4.57)</u>	<u>3.52</u>	<u>(11.40)</u>

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

## **SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**

### **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

#### **NOTES (cont'd)**

#### **26. Cash flow impact on the liquidation of a subsidiary**

On 11 January 2019, the group liquidated one of its subsidiary companies, Carlton Gardens Sdn Bhd. The effect of the liquidation is as follows:

<b>Net identifiable assets</b>			<b>RM'000</b>	
Property, plant and equipment			337	
Trade receivables			5,172	
Other receivables and deposit			293	
Prepayment			5	
Tax recoverable			29	
Cash and cash equivalents			63	
			<b>5,899</b>	
Trade payables			(6,128)	
Other payables and accruals			(654)	
Borrowings			(163)	
Gain from a subsidiary under creditors' voluntary liquidation			<b>(1,046)</b>	
Proceeds from liquidation			-	
Less: Cash and cash equivalents of the subsidiary			(63)	
Net cash outflows from a subsidiary under creditors' voluntary liquidation			<b>(63)</b>	

#### **27. Material litigation**

On 2 July 2018, Sarawak Consolidated Industries Berhad ("SCIB") ("the Plaintiff"), filed the Originating Summons under Suit No. BKI-24NCC(ARB)-2/7-2018 (HC2) against Gaya Belian Sdn Bhd and two other individuals ("the Defendants"), vide its solicitors, Messrs J Marimuttu & Partners, Advocates and Solicitors. The High Court had on the 3 July 2018 granted the Ex-Parte Order restraining the Defendants from selling, transferring or other dealing with 7,121,000 shares in the Plaintiff.

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)****INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019****NOTES (cont'd)****28. Additional disclosures on profit/(loss) for the period**

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

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation of property, plant and equipment ("PPE")	989	1,205	3,717	4,826
Expected credit loss on other receivables	-	5	274	5
Expected credit loss on trade receivables	233	4,359	233	4,359
Reversal of impairment loss on trade receivables	(35)	(977)	(620)	(2,284)
Bad debt written off	40	-	40	-
Interest expense	508	497	1,851	1,912
Interest income	(458)	(414)	(672)	(451)
Inventories written down	567	811	567	795
Gain from a subsidiary under creditors' voluntary liquidation	-	-	(1,046)	-
Impairment loss on property, plant and equipment ("PPE")	-	3,318	-	3,318
Gain on disposal of property, plant and equipment	(102)	-	(138)	-
Impairment on goodwill	-	(5,364)	-	284
Waiver of amount due to contract customer	1,105	-	-	-

**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 27 February 2020.