

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

Registration No: 197501003884 (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020****Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	Note	Individual quarter		Cumulative quarter	
		Quarter ended 31 December 2020 (RM'000)	Quarter ended 31 December 2019 (RM'000)	Period ended 31 December 2020 (RM'000)	Period ended 31 December 2019 (RM'000)
<b>Continuing Operations</b>					
Revenue	4	185,602	28,885	516,021	86,048
Cost of sales		<u>(163,405)</u>	<u>(23,197)</u>	<u>(454,429)</u>	<u>(68,751)</u>
<b>Gross profit</b>		<b>22,197</b>	<b>5,688</b>	<b>61,592</b>	<b>17,297</b>
Other income		18,181	(133)	19,019	3,312
Selling and distribution expenses		(2,198)	(1,994)	(7,748)	(7,706)
Administrative expenses		<u>(4,117)</u>	<u>(2,091)</u>	<u>(11,516)</u>	<u>(7,859)</u>
<b>Operating profit</b>		<b>34,063</b>	<b>1,470</b>	<b>61,347</b>	<b>5,044</b>
Finance costs		(452)	(508)	(1,920)	(1,851)
Share of profit of an associate		40	-	34	-
<b>Profit before tax</b>		<b>33,651</b>	<b>962</b>	<b>59,461</b>	<b>3,193</b>
Income tax expense	22	<u>(3,254)</u>	<u>(43)</u>	<u>(7,289)</u>	<u>(43)</u>
<b>Profit after tax</b>		<b>30,397</b>	<b>919</b>	<b>52,172</b>	<b>3,150</b>
<b>Other comprehensive income</b>					
Foreign currency translation differences		<u>(2,724)</u>	<u>-</u>	<u>(4,346)</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<b><u>27,673</u></b>	<b><u>919</u></b>	<b><u>47,826</u></b>	<b><u>3,150</u></b>
<b>Profit after tax attributable to owners of the Company</b>					
		<b><u>30,397</u></b>	<b><u>919</u></b>	<b><u>52,172</u></b>	<b><u>3,150</u></b>
<b>Total comprehensive income attributable to owners of the Company</b>					
		<b><u>27,673</u></b>	<b><u>919</u></b>	<b><u>47,826</u></b>	<b><u>3,150</u></b>
<b>Earnings per share (sen)</b>					
Basic and diluted	27	<u>22.03</u>	<u>1.07</u>	<u>37.81</u>	<u>3.67</u>

These Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

Registration No: 197501003884 (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020****Unaudited Condensed Consolidated Statements of Financial Position**

	Note	As At 31 December 2020 (Unaudited) (RM'000)	As At 31 December 2019 (Audited) (RM'000)
<b>ASSETS</b>			
<b><u>Non-current assets</u></b>			
Property, plant and equipment	4, 9	23,990	26,122
Right-of-use assets	4	18,389	18,078
Investment in associate	11	334	-
Other assets		-	6,190
		<b>42,713</b>	<b>50,390</b>
<b><u>Current assets</u></b>			
Inventories		24,513	24,420
Trade receivables		339,541	30,901
Other receivables, deposits and prepayments		38,215	1,154
Contract assets		18,522	199
Current tax asset		55	10
Deposits, cash and bank balances		58,117	9,035
		<b>478,963</b>	<b>65,719</b>
<b>TOTAL ASSETS</b>		<b>521,676</b>	<b>116,109</b>
<b>EQUITY AND LIABILITIES</b>			
<b><u>Equity attributable to Owners of the Company</u></b>			
Share capital		152,127	85,913
Treasury shares	16	(10,492)	-
Foreign exchange translation reserves		(4,346)	-
Retained profits / (accumulated losses)		14,351	(33,912)
<b>Total equity</b>		<b>151,640</b>	<b>52,001</b>
<b><u>Non-current liabilities</u></b>			
Other payables		213	187
Bank borrowings	24	17,040	18,868
Lease liabilities		1,126	732
		<b>18,379</b>	<b>19,787</b>
<b><u>Current liabilities</u></b>			
Trade payables		315,163	24,041
Other payables and accruals		2,632	2,418
Contract liabilities		430	37
Bank borrowings	24	21,914	17,413
Lease liabilities		606	412
Dividend payable		3,679	-
Income tax payable		7,233	-
		<b>351,657</b>	<b>44,321</b>
<b>Total liabilities</b>		<b>370,036</b>	<b>64,108</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>521,676</b>	<b>116,109</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>		<b>0.31</b>	<b>0.61</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**

Registration No: 197501003884 (25583-W)

## **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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

	← Attributable to owners of the Company →				→
	Non-distributable				
	Share capital	Treasury shares	Foreign exchange translation reserves	Retained profits/ (accumulated losses)	Total equity
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<b>At 1 January 2019</b>	85,913	-	-	(37,062)	48,851
Profit after tax for the period	-	-	-	3,150	3,150
Other comprehensive income for the period:					
- Foreign currency translation difference for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,150	3,150
<b>At 31 December 2019</b>	<b>85,913</b>	<b>-</b>	<b>-</b>	<b>(33,912)</b>	<b>52,001</b>
<b>At 1 January 2020</b>	85,913	-	-	(33,912)	52,001
Issues of share capital	66,214	-	-	-	66,214
Profit after tax for the period	-	-	-	52,172	52,172
Other comprehensive income for the period:					
- Foreign currency translation difference for the period	-	-	(4,346)	-	(4,346)
Total comprehensive income for the period	-	-	(4,346)	52,172	47,826
Shares acquired as a result of Settlement Agreement	-	(33,429)	-	-	(33,429)
Shares sold	-	22,937	-	2,591	25,528
Dividends paid / payable to owners of the Company	-	-	-	(6,500)	(6,500)
<b>At 31 December 2020</b>	<b>152,127</b>	<b>(10,492)</b>	<b>(4,346)</b>	<b>14,351</b>	<b>151,640</b>

**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**

Registration No: 197501003884 (25583-W)

## **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

### **Unaudited Condensed Consolidated Statements of Cash Flows**

	12 Months ended 31 December 2020 RM'000	12 Months ended 31 December 2019 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	59,461	3,193
Adjustment for:		
Bad debts written off	-	40
Depreciation of property, plant and equipment and right-of-use assets	3,930	3,715
Impairment loss on trade receivables	174	183
Impairment loss on other receivables	-	273
Finance costs	1,920	1,851
Inventories written down	307	31
Inventories written off	537	567
Preliminary expenses written off	-	12
Property, plant and equipment written off	12	-
Unrealised loss on foreign exchange	45	13
Gain from a subsidiary under Creditors' Voluntary winding up	-	(1,046)
Gain on disposal of property, plant and equipment and right-of-use assets	-	(138)
Share of profit of an associate	(34)	-
Interest income	(252)	(236)
Fair value gain on profit guarantee receivable	(17,739)	-
Interest accretion from profit guarantee receivable	-	(427)
Reversal of impairment loss on trade receivables	-	(773)
Operating profit before working capital changes	<u>48,361</u>	<u>7,258</u>
Increase in inventories	(937)	(3,262)
Increase in trade and other receivables	(321,926)	(5,598)
Increase in other assets	-	(1,300)
Increase in contract assets	(18,322)	(199)
Increase in trade and other payables	283,397	6,686
Increase in contract liabilities	393	36
Cash (used in)/ generated from operating activities	<u>(9,034)</u>	<u>3,621</u>
Interest paid	(1,920)	(1,851)
Interest received	252	236
Income tax paid	(111)	(49)
Income tax refunded	10	49
Preliminary expenses paid	-	(12)
Net cash (used in)/ generated from operating activities	<u>(10,803)</u>	<u>1,994</u>
<b>Cash flows from investing activities</b>		
Net cash outflows from a subsidiary under Creditors' Voluntary winding up	-	(63)
Proceeds from disposal of property, plant & equipment and right-of-use assets	-	139
Acquisition of associates	(300)	-
Purchase of property, plant and equipment and right-of-use assets	(1,109)	(9,593)
Increase in pledged fixed deposits with licensed banks	(17)	(179)
Net cash used in investing activities	<u>(1,426)</u>	<u>(9,696)</u>
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the Company	(2,821)	-
Proceeds from issuance of shares	66,214	-
Drawdown of term loans	-	7,000
Drawdown of revolving credit	3,684	2,969
Drawdown of bankers' acceptances	16,487	12,728
Repayment of lease liabilities	(425)	(428)
Repayment of term loans	(836)	(1,548)
Repayment of revolving credit	(871)	(3,000)
Repayment of bankers' acceptances	(15,790)	(6,471)
Net cash generated from financing activities	<u>65,642</u>	<u>11,250</u>
<b>Net increase in cash and cash equivalents</b>	53,413	3,548
<b>Effects of foreign exchange translation</b>	(4,347)	-
<b>Cash and cash equivalents at the beginning of the period</b>	<u>8,473</u>	<u>4,925</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>57,539</u>	<u>8,473</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits, cash and bank balances	58,117	9,035
Less: Fixed deposit pledged	(578)	(562)
	<u>57,539</u>	<u>8,473</u>

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

# **SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

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## **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

### **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. 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 2020:

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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.

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

Registration No: 197501003884 (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020****NOTES (cont'd)****3. Auditors' report on preceding annual financial statements**

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

**4. Segmental information****Results for 3 months ended 31 December 2020**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Construction/ EPCC RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Revenue</b>					
Total revenue including inter-segment sales	18,372	-	167,230	-	185,602
Less: Inter-segment sales	-	-	-	-	-
External revenue	<u>18,372</u>	<u>-</u>	<u>167,230</u>	<u>-</u>	<u>185,602</u>
<b>Segment Results</b>					
Results	17,694	(464)	16,845	(12)	34,063
Finance costs	(451)	(1)	-	-	(452)
Share of loss of an associate					<u>40</u>
Profit before tax					33,651
Income tax expense					<u>(3,254)</u>
Profit after tax					<u>30,397</u>
<b>Other information</b>					
Interest income	<u>27</u>	<u>-</u>	<u>177</u>	<u>-</u>	<u>204</u>

**Results for 3 months ended 31 December 2019**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Construction/ EPCC RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Revenue</b>					
Total revenue including inter-segment sales	20,656	(365)	8,617	-	28,908
(Less): Inter-segment sales	(23)	-	-	-	(23)
External revenue	<u>20,633</u>	<u>(365)</u>	<u>8,617</u>	<u>-</u>	<u>28,885</u>

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020****NOTES (cont'd)****4. Segmental information (cont'd)****Results for 3 months ended 31 December 2019 (cont'd)**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Construction/ EPCC RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Results</b>					
Results	775	594	108	(7)	1,470
Finance costs	(508)	-	-	-	(508)
Profit before tax					962
Income tax expense					(43)
Profit after tax					919
<b>Other information</b>					
Interest income	22	-	-	-	22

**Results for 12 months ended 31 December 2020**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Construction/ EPCC RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Revenue</b>					
Total revenue including inter-segment sales	66,168	-	449,853	-	516,021
Less: Inter-segment sales	-	-	-	-	-
External revenue	66,168	-	449,853	-	516,021
<b>Segment Results</b>					
Results	14,383	(798)	47,779	(17)	61,347
Finance costs	(1,919)	(1)	-	-	(1,920)
Share of profit of an associate					34
Profit before tax					59,461
Income tax expense					(7,289)
Profit after tax					52,172
<b>Other information</b>					
Interest income	69	-	183	-	252

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020****NOTES (cont'd)****4. Segmental information (cont'd)****Results for 12 months ended 31 December 2019**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Construction /EPCC RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Revenue</b>					
Total revenue including inter-segment sales	77,719	(365)	8,902	-	86,256
(Less): Inter-segment sales	(208)	-	-	-	(208)
External revenue	<u>77,511</u>	<u>(365)</u>	<u>8,902</u>	<u>-</u>	<u>86,048</u>

**Segment Results**

Results	3,323	555	1,176	(10)	5,044
Finance costs	(1,851)	-	-	-	(1,851)
Profit before tax					<u>3,193</u>
Income tax expense					(43)
Profit after tax					<u>3,150</u>

**Other information**

Interest income	<u>151</u>	<u>-</u>	<u>85</u>	<u>-</u>	<u>236</u>
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**Segmental revenue by countries**

	<b>Individual quarter</b>		<b>Cumulative quarter</b>	
	<b>31.12.2020 RM'000</b>	<b>31.12.2019 RM'000</b>	<b>31.12.2020 RM'000</b>	<b>31.12.2019 RM'000</b>
<b>Malaysia</b>	28,717	24,196	87,054	81,359
<b>Indonesia</b>	700	1,110	12,686	1,110
<b>Oman</b>	54,257	1,440	154,151	1,440
<b>Qatar</b>	101,928	2,139	262,130	2,139
	<u>185,602</u>	<u>28,885</u>	<u>516,021</u>	<u>86,048</u>

**Segmental non-current assets by countries**

	<b>31.12.2020 RM'000</b>	<b>31.12.2019 RM'000</b>
<b>Malaysia</b>	42,379	44,200
<b>Indonesia</b>	-	-
<b>Oman</b>	-	-
<b>Qatar</b>	-	-
	<u>42,379</u>	<u>44,200</u>



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## **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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

#### **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 2020 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 paid / payable**

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	:	RM2,820,897.83

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

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

Acquisition and disposal of items of property, plant and equipment by the Group for the quarter and financial period ended 31 December 2020 is as follows:

	<b>Individual quarter</b>		<b>Cumulative quarter</b>	
	<b>Quarter ended 31.12.2020 RM</b>	<b>Quarter ended 31.12.2019 RM</b>	<b>Period ended 31.12.2020 RM</b>	<b>Period ended 31.12.2019 RM</b>
Acquisition (Cost)	1,189,341	11,908,775	2,121,134	12,620,850
Disposal /Written off (Net book value)	-	1,038	12,321	1,162

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Registration No: 197501003884 (25583-W)

## **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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

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

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

	<b>Individual quarter</b>		<b>Cumulative quarter</b>	
	<b>Quarter ended</b>	<b>Quarter ended</b>	<b>Period ended</b>	<b>Period ended</b>
	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2019</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:				
- Rekaruang Sdn. Bhd.	-	-	-	64
- Petra Jaya Properties Sdn. Bhd.	-	-	-	730
EPCC contract:-				
- Edaran Kencana Sdn. Bhd.	9,542	-	11,215	-
<b>Expenditure</b>				
Insurance premium paid to Transnational Insurance Brokers (M) Sdn. Bhd.	187	127	528	458
Rental paid to Reignvest Corporation Sdn. Bhd.	-	-	-	540
Purchase of roofing construction material from Super Glory Industries Sdn. Bhd.	-	-	-	9
Purchase of safety personal protective equipment	3	-	3	-
Purchase of scaffolding equipment	663	-	663	-

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

#### **11. Investment in an associate**

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	300	-
Share of post-acquisitions reserve	34	-
	<b>334</b>	<b>-</b>

**Details of the associate are as follows:**

<b>Name of associate</b>	<b>Country of incorporation</b>	<b>Principal activities</b>	<b>Proportion of ownership interest</b>	
			<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
			<b>%</b>	<b>%</b>
Edaran Kencana Sdn. Bhd.	Malaysia	General contractors and builders, engineering consultancy and other related services	30%	-

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Registration No: 197501003884 (25583-W)

## **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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

#### **12. 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.

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

#### **13. 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.

#### **14. Capital commitments**

	<b>As At 31.12.2020 RM'000</b>	<b>As At 31.12.2019 RM'000</b>
Capital expenditure not provided for in the financial statements:		
Approved and contracted for	4,578	98
	=====	=====

#### **15. Contingent liabilities – Unsecured**

	<b>As At 30.09.2020 RM'000</b>	<b>As At 31.12.2019 RM'000</b>
Corporate guarantee given to bank for credit facilities granted to a subsidiary	39,698	37,314
	=====	=====

#### **16. 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. Subsequent to the year end, the remaining shares have been fully disposed and the net proceeds have been received in full by the Company in January 2021.

# **SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

Registration No: 197501003884 (25583-W)

## **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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

#### **17. Subsequent event**

The outbreak of coronavirus disease (COVID-19) has triggered the World Health Organisation (WHO) to declare it as a pandemic on 11 March 2020. As the outbreak is unprecedented and has not been fully contained, the Group is currently assessing its ongoing developments closely and reviewing our internal counteractions prudently. The potential impact might be seen across the Group's business ecosystem, including operational processes, manpower capacity, supply chain, and distribution network as we implement Standard Operating Procedures (SOP) required for construction as well as manufacturing sectors imposed by governments. The Group will continue to monitor the COVID-19 condition and are taking steps to safeguard the community's health as well as the financial performance of the Group.

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

#### **18. Performance review**

The Group recorded revenue of RM185.6 million in the fourth quarter of 2020, as compared to RM28.9 million in the corresponding quarter of 2019, representing an increase of 542% or RM156.7 million. The significant increase of revenue recognized for current quarter was principally derived from the EPCC segment. The Group registered a profit before tax ("PBT") of RM33.7 million as compared to a PBT of RM962,000 posted in the corresponding quarter last year. The improvement in the PBT was mainly due to the higher revenue sourced from EPCC segment in middle east region such as Oman and Qatar. Besides that, during the quarter under review, the Group has recognized a fair value gain on profit guarantee receivable of RM17.7 million.

For the year to date, the Group reported revenue of RM516 million in the twelve months period of year 2020, as compared to revenue of RM86 million for the same period last year, representing an increase of 500%. The construction and EPCC segment being the biggest revenue contributor to the Group recorded a total of RM449.9 million. However, the manufacturing division recorded a lower revenue of RM66.2 million for the twelve months period ended 31 December 2020 as compared to the same period in preceding year of RM77.7 million. The lower revenue in manufacturing division reported this year was due to the impact of Covid-19 Movement Control Order which slowed down the economic activity. This in turn has reduced the market demand for manufacturing products during the period under review. The Group achieved a PBT of RM59.5 million as compared to PBT of RM3.2 million recorded in the corresponding period last year. The significant growth in PBT for the twelve months period ended 31 December 2020 was primarily due to the higher revenue contributed by EPCC segment and recognition of fair value gain on profit guarantee receivable. However, there was no contribution from the Property division in the twelve months period of year 2020.

The net assets of the Group as at 31 December 2020 stood at RM151.6 million which translates to RM0.31 net assets value per share.

#### **19. Variation of results against preceding quarter**

The Group registered a PBT of RM33.7 million from a revenue of RM185.6 million for the current quarter as compared to a PBT of RM14.3 million from a revenue of RM183.7 million in the immediate preceding quarter. A higher profit before tax in the current quarter was mainly attributable to the increase of revenue in the EPCC segment and the fair value gain on profit guarantee receivable.

## **SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

Registration No: 197501003884 (25583-W)

### **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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

#### **20. Prospects for the next year**

Malaysia's economy registered a gross domestic product ("GDP") of 3.4% contraction for the fourth quarter of 2020 ("4Q20"), bringing the full year performance to a contraction of 5.6%, comparing to 4.3% growth in 2020. Business development and market activities have recovered to a great extent comparably to early of the year, yet the stricter containment measures and tighter movement restrictions at certain states in the country since 4Q20 have inevitably putting pressure on the pace of speedy recovery.

The 2020 GDP, nonetheless, transpired a better outcome than the projection by global institutions such as the International Monetary Fund ("IMF") (-5.8%), the World Bank (-5.8%) and the Asian Development Bank (-6.0%). The international credit rating agency, Moody's Investors Service Inc (Moody's) has also affirmed the A3 rating with stable outlook for Malaysia, expecting mid-term growth prospects to remain strong as banking on the diversified and competitive economy, supportive demographics, as well as the credible macroeconomic policymaking institutions.

Malaysia's Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz enlightened that with the systematic and effective National Covid-19 Immunisation Programme rolling out, this will encourage the reopening of various economic sectors, restore consumer sentiment, and boost our economic growth and resilience. Moving forward, the IMF and World Bank forecasted that the Malaysian economy to be rebounded by 7.0% and 6.7% in 2021 respectively, on the premise of effective Covid-19 vaccination programme, the build-up momentum in both domestic and external consumption as well as in investment.

At SCIB, the Group is working on various initiatives to optimise and contribute our value during this turbulent time, not only from economic front, but also for the social community. As the Covid-19 pandemic has widely spread among foreign workers, there are heightened awareness on employee welfare and rising concern on how the Environmental Social Governance (ESG) practices are being adopted by the business owner as a responsible entity, especially in the manufacturing industry. This has led to a surge in demand for the healthcare and accommodation facilities. To fill up the market gap, the Group has all set to support with our in-house one-stop Industrial Building System (IBS) expertise which could come in as a time- and cost-efficient solution.

Being the largest precast concrete and IBS manufacturer in East Malaysia, positive prospects of the Group are also lying within the state-funded people-centric construction projects that will be rolling out by phases. This includes Second Trunk Road, Coastal Road, Project Rumah Mesra Rakyat, Sekolah DAIF Sarawak, Government Hospital and Health Clinic, Sarawak Water Supply Grid Programme and others. Underpinned by the Group's strong foothold in Sarawak, we are confident that we can continue to contribute further to state development tapping on the localized advantages. Under Budget 2021, there is an allocation of RM4.5 billion proposed for Sarawak to build and upgrade water, electricity, road infrastructure health and education facilities. Hence, the Group is holding an optimistic view on the future construction landscape.

Having said so, the Group comprehends the importance of diversification and does not solely rely on domestic or single market only. Thereby, the Group has ventured into potential markets such as, neighbouring Indonesia and the Middle East through the resources and experiences of our key management. This has bear fruitful results as evident through the projects secured. The Group also see vast opportunities to benefit from the relocation of capital from Jakarta to Kalimantan, the infrastructure requirements from Qatar for hosting the FIFA World Cup 2022 and from UAE for organising the World Expo, as well as the development of Special Economic Zone which has attracted the international investment flow into Oman.

## **SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

Registration No: 197501003884 (25583-W)

### **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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

#### **20. Prospects for the next year (cont'd)**

The order book value achieved as at the end of 2020 was RM1.5 billion. Following the first contract announcement made in the first quarter of 2021, our order book value stood at RM2.4 billion. This could be translated into earnings for current financial year and a longer visibility up to 2030. This showed the management efforts in generating a more sustainable income stream. While the Group is actively developing business, the project teams are also spearheading the existing works on-site to ensure timely delivery and receivables collection. All projects are being monitored closely and keeping on track during the quarter.

To sharpen the Group's competitive edge, we are constantly exploring various approaches and endeavours. One of the highlights encompass taking an equity ownership of an associate company which opens the door to participate in a broader range of job tendering going forward with its licensing as Petronas vendor. On top of this, the Group has acquired the qualification of Construction Industry Development Board (CIDB) license Grade 7, Sijil Taraf Bumiputera (STB) license, Sijil Perolehan Kerja Kerajaan (SPKK) license, as well as the Ministry of Finance (MOF) license to take part in Government or semi-government projects.

Looking ahead, the Group remains focused on three key strategies to drive long term value creation: (i) diversifying the geographical presence; (ii) strengthening in-house construction capabilities; (iii) exploring supply chain partnerships or technology enabler like 3D printing that can improve efficiency and productivity. Barring any unforeseen circumstances, the Group holds a cautiously optimistic view on the business prospects and will strive to achieve satisfactory performance in 2021.

Sources:

<https://www.imf.org/en/Countries/MYS#featured>

<https://www.worldbank.org/en/news/press-release/2020/12/17/malaysian-economy-showing-signs-of-recovery-projected-to-grow-by-67-percent-in-2021-following-a-contraction-of-58-percent-in-2020#:~:text=Malaysian%20economy%20showing%20signs%20of,of%205.8%20percent%20in%202020>

<https://www.theedgemarkets.com/article/malaysias-2020-gdp-growth-better-expected-%E2%80%94-tengku-zafrul>

<https://www.theedgemarkets.com/article/moodys-affirms-malaysias-a3-rating-expects-its-midterm-growth-prospects-remain-strong>

#### **21. (a) Variance of actual profit from forecast profit**

Not applicable

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

Not applicable

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

Registration No: 197501003884 (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020****NOTES (cont'd)****22. Income tax expense**

	Individual quarter		Cumulative quarter	
	Quarter ended	Quarter ended	Period ended	Period ended
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
<b>Current tax expense:</b>				
Malaysian Taxation	-	49	88	49
Foreign Taxation	3,280	-	7,227	-
<b>Total current tax expense</b>	<b>3,280</b>	<b>49</b>	<b>7,315</b>	<b>49</b>
(Over)/under provision of tax in prior year	(26)	(6)	(26)	(6)
Deferred tax	-	-	-	-
<b>Total income tax expense</b>	<b>3,254</b>	<b>43</b>	<b>7,289</b>	<b>43</b>

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.

**23. Corporate Proposals****(i) Utilisation of Proceeds from Private Placement on 16 June 2020**

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

Description	Proposed utilization RM'000	Actual utilization as at 31/12/2020 RM'000	Balance as at 31/12/2020 RM'000	Estimated timeframe for utilization of proceeds from the date of listing of the Placement Shares
Working capital for on-going projects	6,477	6,174	303	Within 12 months from the receipt of placement funds
Estimated expenses for future projects	59,408	10,543	48,865	Within 24 to 36 months from the date of award of projects
Estimated expenses in relation to the Proposals	1,000	671	329	Upon completion of the Proposals
	<b>66,885</b>	<b>17,388</b>	<b>49,497</b>	

The actual utilization for expenses in relation to the Proposals was approximately RM671,000, and the remaining approximately RM329,000 will be allocated as working capital for on-going projects.

# **SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

Registration No: 197501003884 (25583-W)

## **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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

#### **23. Corporate Proposals (cont'd)**

##### **(ii) Bonus Issue of Shares and Free Warrants**

Bonus issue of Shares has been completed following the listing of quotation for 367,897,500 Bonus Shares on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on Monday, 4 January 2021.

Issuance of Warrants has been completed following the listing of quotation for 245,264,997 Free Warrants on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on Tuesday, 16 February 2021.

#### **24. Borrowings**

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short term borrowings</b>		
Secured	21,914	17,413
Unsecured	-	-
	<hr/> 21,914	<hr/> 17,413
<b>Long term borrowings</b>		
Secured	17,040	18,868
	<hr/> 38,954	<hr/> 36,281

All of the above borrowings are denominated in Ringgit Malaysia.

#### **25. Derivatives financial instruments**

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

#### **26. Proposed dividend**

The board of directors has proposed to declare a third interim single tier dividend of 1.9 sen per ordinary share in respect of the financial year ending 31 December 2020. The said interim dividend will be paid on 30 March 2021 to members whose names appear in the Record of Depositors of the Company on 16 March 2021.



# **SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

Registration No: 197501003884 (25583-W)

## **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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

#### **27. Basic profit per share**

	<b>Individual quarter</b>		<b>Cumulative quarter</b>	
	<b>Quarter ended</b>	<b>Quarter ended</b>	<b>Period ended</b>	<b>Period ended</b>
	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to owners of the Company	<u>30,397</u>	<u>919</u>	<u>52,172</u>	<u>3,150</u>
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Weighted average number of ordinary shares in issue	<u>137,978,125</u>	<u>85,882,500</u>	<u>137,978,125</u>	<u>85,882,500</u>
	<b>Individual quarter</b>	<b>Individual quarter</b>	<b>Cumulative quarter</b>	<b>Cumulative quarter</b>
	<b>Quarter ended</b>	<b>Quarter ended</b>	<b>Period ended</b>	<b>Period ended</b>
	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Basic earnings per share (Sen)	<u>22.03</u>	<u>1.07</u>	<u>37.81</u>	<u>3.67</u>

#### **28. 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.

Subsequently, SCIB instructed its solicitors to issue a Further Notice of Arbitration to the Defendants on 12 December 2019 together with an Offer of Settlement to return the Plaintiff's remaining shares held by the Defendants of 6,878,500 shares together with an additional sum of RM2,000,000 to be settled in cash. To-date, the Plaintiff's solicitors have not received a reply and a letter of reminder was issued to Defendants' solicitors on 3 February 2020.

The Company and the Defendants have on 10 December 2020 entered into a Settlement Agreement as a full and final settlement of all disputes, conflicts, claims, allegations, actions, obligations, demands, suits and/ or legal proceedings that the Parties have or may have now or in the future against each other arising from or in connection with all matters relating to the Share Sale Agreement dated 28 December 2016 (SSA) and other related agreements. In terms of the Settlement Agreement, the Defendants have sold their respective shares and the proceeds as Settlement Sum has been received in tranches and the final sum in respect of two of the Defendants namely Gaya Belian Sdn. Bhd. and an individual was received on 26 January 2021. However, the proceeds from the disposal of some 8 Shares held by another individual are yet to be received.

# **SARAWAK CONSOLIDATED INDUSTRIES BERHAD**

Registration No: 197501003884 (25583-W)

## **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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

#### **28. Material litigation (cont'd)**

Notwithstanding, that the said individual has yet to remit the proceeds from the sale of 8 shares, and as the sum involved in respect the said individual's Shares is *de minimis*, the Company desiring to bring a closure to the matter, wishes to treat the Settlement Agreement as deemed completed and accordingly it is further deemed as the full and final settlement of the case. The case is now closed.

#### **29. Additional disclosures on profit for the period**

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

	<b>Individual quarter</b>		<b>Cumulative quarter</b>	
	<b>Quarter ended</b>	<b>Quarter ended</b>	<b>Period ended</b>	<b>Period ended</b>
	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Bad debts written off	-	40	-	40
Depreciation of property, plant and equipment and right-of-use assets	814	987	3,930	3,715
Impairment loss on trade receivables	174	183	174	183
Impairment loss on other receivables	-	(1)	-	273
Finance costs	452	508	1,920	1,851
Inventories written down	213	31	307	31
Inventories written off	130	567	537	567
Preliminary expenses written off	-	12	-	12
Property, plant and equipment written off	-	-	12	-
Unrealised gain on foreign exchange	62	13	45	13
Gain from a subsidiary under Creditors' Voluntary winding up	-	-	-	(1,046)
Gain on disposal of property, plant and equipment and right-of-use assets	-	(102)	-	(138)
Interest accretion from profit guarantee receivable	-	(427)	-	(427)
Interest income	(204)	(22)	(252)	(236)
Fair value gain on profit guarantee receivable	(17,739)	-	(17,739)	-
Reversal of impairment loss on trade receivables	-	(188)	-	(773)
Share of profit of an associate	(40)	-	(34)	-

#### **30. 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 25 February 2021.