

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019****Unaudited Condensed Consolidated Statement of Comprehensive Income**

		3 months ended 30 September 2019	3 months ended 30 September 2018	9 months ended 30 September 2019	9 months ended 30 September 2018
	Note	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Continuing Operations					
Revenue	4	21,863	19,923	57,163	57,446
Cost of sales		(17,050)	(16,689)	(45,554)	(47,701)
Gross profit		4,813	3,234	11,609	9,745
Other income		239	423	3,445	689
Administrative expenses		(1,636)	(796)	(5,768)	(9,841)
Selling and marketing expenses		(2,273)	(1,688)	(5,712)	(5,047)
Operating profit/(loss)		1,143	1,173	3,574	(4,454)
Finance costs		(391)	(477)	(1,343)	(1,415)
Profit/ (loss) before tax		752	696	2,231	(5,869)
Income tax credit/(expense)	20	-	1	-	1
Profit/ (loss) for the period attributable to equity holders of the Company		752	697	2,231	(5,868)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive profit/ (loss) for the period attributable to equity holders of the Company		752	697	2,231	(5,868)
Profit/ (loss) per share attributable to equity holders of the Company:					
Basic, for profit/(loss) for the period (sen)	25	0.88	0.81	2.60	(6.83)
Diluted, for 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 THIRD QUARTER ENDED 30 SEPTEMBER 2019****Unaudited Condensed Consolidated Statements of Financial Position**

		As At 30 September 2019 (Unaudited) (RM'000)	As At 31 December 2018 (Audited) (RM'000)
ASSETS			
Non-current assets			
Property, plant and equipment	9	33,280	35,634
Other assets		8,662	7,362
		41,942	42,996
Current assets			
Inventories		23,779	21,756
Trade receivables		23,003	29,995
Other receivables		1,646	754
Other current receivables		3,840	955
Income tax recoverable		69	83
Deposit, cash & bank balances		6,688	5,402
		59,025	58,945
TOTAL ASSETS		100,967	101,941
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		85,913	85,913
Accumulated losses		(34,831)	(37,062)
Total equity		51,082	48,851
Non-current liabilities			
Borrowings	22	16,057	16,290
Other payables		163	163
		16,220	16,453
Current liabilities			
Borrowings	22	13,728	10,015
Trade payables		16,915	22,936
Other payables		3,022	3,686
		33,665	36,637
Total liabilities		49,885	53,090
TOTAL EQUITY AND LIABILITIES		100,967	101,941
Net assets per share (RM)		0.59	0.57

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 THIRD QUARTER ENDED 30 SEPTEMBER 2019

Unaudited Condensed Consolidated Statements of Changes in Equity

	← Attributable to owners of the Company → Non-distributable				
	<u>Share capital</u> (RM'000)	<u>Share premium</u> (RM'000)	<u>Revaluation reserve</u> (RM'000)	<u>Accumulated losses</u> (RM'000)	<u>Total</u> (RM'000)
At 1 January 2018	85,913	-	-	(27,057)	58,856
Total comprehensive loss for the period	-	-	-	(5,868)	(5,868)
At 30 September 2018	<u>85,913</u>	<u>-</u>	<u>-</u>	<u>(32,925)</u>	<u>52,988</u>
At 1 January 2019	85,913	-	-	(37,062)	48,851
Total comprehensive profit for the period	-	-	-	2,231	2,231
At 30 September 2019	<u>85,913</u>	<u>-</u>	<u>-</u>	<u>(34,831)</u>	<u>51,082</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 THIRD QUARTER ENDED 30 SEPTEMBER 2019

Unaudited Condensed Consolidated Statements of Cash Flow

	9 Months ended 30 September 2019 RM'000	9 Months ended 30 September 2018 RM'000
Cash flows from operating activities		
Profit/(loss) before tax	2,135	(5,869)
Adjustment for:		
Interest income	(214)	(37)
Interest expense	1,343	1,415
Depreciation of property, plant and equipment	2,728	3,621
Reversal of impairment loss on trade receivables	(585)	(1,307)
Impairment of goodwill	-	5,648
Loss allowance on other receivables	274	-
Waiver of amount due to contract customer	(1,105)	-
Gain from a subsidiary under creditor's voluntary liquidation (Note 26)	(1,046)	-
Gain on disposal of property, plant & equipment	(36)	-
Inventories written off/ (back)	-	(16)
Operating profit before working capital changes	<u>3,494</u>	<u>3,455</u>
(Increase)/decrease in inventories	(2,023)	266
Decrease/(increase) in trade and other receivables	946	(4,797)
(Increase)/decrease in other assets	(1,300)	520
Increase in other current assets	(1,689)	(1,811)
Increase in trade and other payables	97	2,165
(Increase)/decrease in fixed deposit pledged to bank	(163)	2
Cash used in operations	<u>(638)</u>	<u>(200)</u>
Taxation paid, net of refund	(15)	(17)
Interest received	214	37
Interest paid	(1,343)	(1,415)
Net cash used in operating activities	<u>(1,782)</u>	<u>(1,595)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(584)	(21)
Proceeds from disposal of property, plant & equipment	36	-
Net cash outflows from a subsidiary under creditors' voluntary liquidation	(63)	-
Net cash used in investing activities	<u>(611)</u>	<u>(635)</u>
Cash flows from financing activities		
Proceeds from borrowings	13,381	7,000
Repayment of borrowings	(9,487)	(7,329)
Repayment of obligations under finance lease	(329)	(450)
Net cash generated/(used in) from financing activities	<u>3,565</u>	<u>(165)</u>
Net increase/(decrease) in cash and cash equivalents	<u>1,172</u>	<u>(2,395)</u>
Cash and cash equivalents at the beginning of the period	<u>4,925</u>	<u>4,585</u>
Cash and cash equivalents at the end of the period	<u><u>6,097</u></u>	<u><u>2,190</u></u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	6,688	2,786
Bank overdraft (included within short term borrowings in Note 22)	(45)	(222)
Less: Fixed deposit pledged	(546)	(374)
	<u><u>6,097</u></u>	<u><u>2,190</u></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 THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 2019****NOTES (cont'd)****4. Segmental information****Results for 3 months ended 30 September 2019**

	Manu- facturing RM'000	Property trading RM'000	Const- ruction RM'000	Others RM'000	Consolidated RM'000
Segment Revenue					
Total revenue including inter-segment sales	21,833	-	83	-	21,916
Less: Inter-segment sales	(53)	-	-	-	(53)
External revenue	<u>21,780</u>	<u>-</u>	<u>83</u>	<u>-</u>	<u>21,863</u>
Segment Results					
Results	1,177	(14)	(20)	-	1,143
Finance costs	(391)	-	-	-	(391)
Profit before tax					<u>752</u>
Income tax credit/(expense)					-
Profit after tax					<u>752</u>
Other information					
Interest income	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>

Results for 3 months ended 30 September 2018

	Manu- facturing RM'000	Property trading RM'000	Const- ruction RM'000	Others RM'000	Consolidated RM'000
Segment Revenue					
Total revenue including inter-segment sales	19,903	-	20	-	19,923
Add/(Less): Inter-segment (return)/sales	-	-	-	-	-
External revenue	<u>19,903</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>19,923</u>

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019****NOTES (cont'd)****4. Segmental information (cont'd)****Results for 3 months ended 30 September 2018 (cont'd)**

	Manu- facturing RM'000	Property trading RM'000	Const- ruction RM'000	Others RM'000	Consolidated RM'000
Segment Results					
Results	1,364	(11)	(178)	(2)	1,173
Finance costs	(477)	-	-	-	<u>(477)</u>
Profit before tax					696
Income tax credit/(expense)					<u>1</u>
Profit after tax					<u><u>697</u></u>
Other information					
Interest income	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>

Results for 9 months ended 30 September 2019

	Manu- facturing RM'000	Property trading RM'000	Const- ruction RM'000	Others RM'000	Consolidated RM'000
Segment Revenue					
Total revenue including inter-segment sales	57,063	-	285	-	57,348
Less: Inter-segment sales	<u>(185)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(185)</u>
External revenue	<u>56,878</u>	<u>-</u>	<u>285</u>	<u>-</u>	<u>57,163</u>
Segment Results					
Results	2,548	(39)	1,068	(3)	3,574
Finance costs	(1,343)	-	-	-	<u>(1,343)</u>
Profit before tax					2,231
Income tax credit/(expense)					<u>-</u>
Profit after tax					<u><u>2,231</u></u>
Other information					
Interest income	<u>129</u>	<u>-</u>	<u>85</u>	<u>-</u>	<u>214</u>

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019****NOTES (cont'd)****4. Segmental information (cont'd)****Results for 9 months ended 30 September 2018 (cont'd)**

	Manu- facturing RM'000	Property trading RM'000	Const- ruction RM'000	Others RM'000	Consolidated RM'000
Segment Revenue					
Total revenue including inter-segment sales	55,486	-	1,960	-	57,446
Less: Inter-segment sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
External revenue	<u>55,486</u>	<u>-</u>	<u>1,960</u>	<u>-</u>	<u>57,446</u>
Segment Results					
Results	(3,765)	(36)	(651)	(2)	(4,454)
Finance costs	(1,415)	-	-	-	<u>(1,415)</u>
Loss before tax					<u>(5,869)</u>
Income tax credit/ (expense)					<u>1</u>
Loss after tax					<u><u>(5,868)</u></u>
Other information					
Interest income	<u>37</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37</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 30 September 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 Company did not declare or pay any dividend during the quarter and financial period ended 30 September 2019.

9. Acquisitions and disposals of property, plant and equipment

During the quarter and financial period ended 30 September 2019, the Group acquired Property, Plant and Equipment ("PPE") with an aggregate cost of RM232,282 (3rd Quarter 30 September 2018: RM55,780) and RM712,075 (30 September 2018: RM635,448). Net Book Value of PPE disposed/written off by the Group for the financial period ended 30 September 2019 was RM124 (3rd Quarter 30 September 2018: RM87).

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

NOTES (cont'd)

10. Related party disclosures

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

	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Income				
Sale of construction materials to:				
- Zecon Berhad	-	8	-	154
- Petra Jaya Properties Sdn. Bhd.	579	-	730	-
- Oricon Sdn. Bhd.	-	-	-	135
- Rekaruang Sdn Bhd	(4)	-	64	-
Expenditure				
Insurance premium paid to Transnational Insurance Brokers (M) Sdn. Bhd.	125	119	331	231
Rental paid to Reignvest Corporation Sdn. Bhd.	180	180	540	540
Purchase of roofing construction material from Super Glory Sdn. Bhd.	-	-	9	27

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 THIRD QUARTER ENDED 30 SEPTEMBER 2019

NOTES (cont'd)

13. Capital commitments

	As At 30.09.2019 RM'000	As At 31.12.2018 RM'000
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	422	551
Approved but not contracted for	10,353	10,930
	<u>10,775</u>	<u>11,481</u>
	=====	=====

14. Contingent liabilities – Unsecured

	As At 30.09.2019 RM'000	As At 31.12.2018 RM'000
Corporate guarantee given to bank for credit facilities granted to a subsidiary	29,621	23,037
	<u>29,621</u>	<u>23,037</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 THIRD QUARTER ENDED 30 SEPTEMBER 2019

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

16. Performance review

The Group's revenue has increased by 10% or RM2 million from RM19.9 million reported in the third quarter of 2018 to RM21.9 million in the third quarter of 2019. Higher revenue was primarily due to higher demand for RC, spun piles and IBS products given rolling out of the Pan Borneo Highway Project and some private projects from its Manufacturing division in the current quarter. The Group reported a profit before tax of RM752,000 as compared to profit before tax of RM696,000 posted in the corresponding quarter last year.

On a year-to-date basis, the Group reported a revenue of RM57.2 million in the nine months period of 2019, as compared to RM57.4 million for the same period last year representing a decrease of 0.35%. The manufacturing division being the key driver and largest contributor to the Group's revenue, reported revenue of about RM56.9 million and RM55.5 million for the 9 months period ended 30 September 2019 and 30 September 2018 respectively. However, the Group recorded a profit before tax of RM2,231,000 as compared to loss before tax of RM5,869,000 reported for the same period last year. The profit before tax for the 9 months period ended 30 September 2019 was mainly due to gain from deconsolidation of a subsidiary under creditors' voluntary liquidation and waiver of amount due to contract customer.

The construction division has reported a revenue of RM285,000 which reported a profit of RM1,068,000 for the 9 months period ended 30 September 2019. There was no contribution from the Properties division.

The net assets of the Group as at 30 September 2019 stood at RM51 million which translates to RM0.59 net assets value per share.

17. Variation of results against preceding quarter

The Group registered a profit before tax of RM752,000 from a revenue of RM21.9 million for the current quarter as compared to a loss before tax of RM111,000 from a revenue of RM17.9 million in the preceding quarter. A profit before tax for the current quarter as compared to the loss before tax in the preceding quarter is mainly due to higher sales of both traditional and IBS products in the current quarter.

18. Prospects for the remaining quarter

The prospect of the Malaysian economy remains robust amid increasing uncertainties in the external environment. Real GDP is expected to grow by 4.5% in 2019 and 4.8% in 2020. The growth is under pinned by resilient domestic demand, particularly household spending following stable labour market and low inflation.

Construction is targeted to grow 3.7% in 2020 from 1.7% in 2019 from the implementation of mega projects and affordable housing. Manufacturing and services are expected to register a 0.1% increase to 4.15% and 6.2% respectively.

The Group remains focused on managing its cost structure and promoting its IBS products for new projects, especially schools and private projects. The Group has benefited from the rolling out of the Pan Borneo Highway project and expects some improvement in its order book and anticipates better results for the remaining quarter.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

NOTES (cont'd)

18. Prospects for the remaining quarter (cont'd)

Recently, the Group has announced that it had secured a combined RM175.4mil worth of engineering, procurement, construction and commissioning contracts in Malaysia, Indonesia, Qatar and Oman. The new contracts signalled the group's expansion beyond the business of making precast concrete into a more sophisticated engineering, manufacturing, construction and commissioning company.

In addition to the above, the Group also plan to expand their market outside of Sarawak becoming an international player, extending into Peninsular Malaysia and even in other countries where there are business opportunities starting with Indonesia, Oman and Qatar which will contribute positively to the Group.

Sources:

- *Economic Outlook 2020, Ministry of Finance*
- *Bursa Announcement, SCIB dated 25 October 2019*
- <https://www.thestar.com.my/business/business-news/2019/11/04/scib-eyes-new-contracts>

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

Not applicable

(b) Shortfall in the profit guarantee

Not applicable

20. Income tax credit/(expense)

	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Current tax	-	-	-	-
(Over) /Underprovision of tax in prior year	-	(1)	-	(1)
Deferred tax	-	-	-	-
Total income tax credit/(expense)	-	(1)	-	(1)

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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.

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

	As at 30.09.2019 RM'000	As at 31.12.2018 RM'000
Short term borrowings		
Secured	13,728	9,920
Unsecured	-	95
	<u>13,728</u>	<u>10,015</u>
Long term borrowings		
Secured	16,057	16,290
	<u>29,785</u>	<u>26,305</u>

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 30 September 2019 (30 September 2018: Nil).

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019****NOTES (cont'd)****25. Basic profit/(loss) per share**

	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) attributable to ordinary equity holders of the Company	<u>752</u>	<u>697</u>	<u>2,231</u>	<u>(5,868)</u>
	As at	As at	As at	As at
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
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>
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	Sen	Sen	Sen	Sen
Basic profit/(loss) per share for loss for the period	<u>0.88</u>	<u>0.81</u>	<u>2.60</u>	<u>(6.83)</u>

There is no dilution in its 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 THIRD QUARTER ENDED 30 SEPTEMBER 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:

	RM'000
Net identifiable assets	
Property, plant and equipment	337
Trade receivables	5,172
Other receivables and deposit	293
Prepayment	5
Tax recoverable	29
Cash and cash equivalents	63
	<hr/>
	5,899
Trade payables	(6,128)
Other payables and accruals	(654)
Borrowings	(163)
Gain from a subsidiary under creditors' voluntary liquidation	(1,046)
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Proceeds from liquidation	-
Less: Cash and cash equivalents of the subsidiary	(63)
Net cash outflows from a subsidiary under creditors' voluntary liquidation	(63)
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SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

NOTES (cont'd)

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-Pate Order restraining the Defendants from selling, transferring or other dealing with 7,121,000 shares in the Plaintiff.

28. Additional disclosures on profit/(loss) for the period

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

	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment (“PPE”)	916	1,212	2,728	3,621
Reversal of impairment loss on trade receivables	-	(1,005)	(585)	(1,307)
Loss allowance on other receivables	-	-	274	-
Impairment of goodwill	-	-	-	5,648
Interest expense	391	477	1,343	1,415
Interest income	(9)	(7)	(214)	(37)
Waiver of amount due to contract customer	-	-	(1,105)	-
Gain from a subsidiary under creditors’ voluntary liquidation	-	-	(1,046)	-
Inventories written (back)/off	-	(16)	-	(16)
Gain on disposal of property, plant and equipment	(36)	-	(36)	-

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 November 2019.