

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No. 197501003884 (25583-W)

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

	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Continuing operations					
Revenue	4	39,403	30,331	39,403	30,331
Cost of sales		(31,407)	(25,766)	(31,407)	(25,766)
Gross profit		7,996	4,565	7,996	4,565
Other income		173	746	173	746
Selling and distribution expenses		(1,976)	(2,059)	(1,976)	(2,059)
Administrative expenses		(3,676)	(3,731)	(3,676)	(3,731)
Net impairment gain on financial assets		6	-	6	-
Operating profit/(loss)		2,523	(479)	2,523	(479)
Finance income		116	43	116	43
Finance costs		(519)	(506)	(519)	(506)
Net finance costs		(403)	(463)	(403)	(463)
Profit/(loss) before tax		2,120	(942)	2,120	(942)
Taxation	21	(1,118)	-	(1,118)	-
Profit/(loss) after tax		1,002	(942)	1,002	(942)
Other comprehensive income/(expenses):					
<u>Item that will not be reclassified subsequently to profit or loss</u>					
Surplus on revaluation of properties		52,176	-	52,176	-
Transfer of revaluation surplus on properties		146	-	146	-
<u>Item that will be reclassified subsequently to profit or loss</u>					
Foreign currency translation differences		(79)	(674)	(79)	(674)
Total comprehensive income/(expenses) for the period		53,245	(1,616)	53,245	(1,616)
Profit/(loss) attributable to:					
Owners of the Company	26	926	(871)	926	(871)
Non-controlling interests		76	(71)	76	(71)
		1,002	(942)	1,002	(942)
Total comprehensive income/(expenses) attributable to:					
Owners of the Company		53,169	(1,545)	53,169	(1,545)
Non-controlling interests		76	(71)	76	(71)
		53,245	(1,616)	53,245	(1,616)
Profit/(loss) per share					
Basic and diluted (sen)	26	0.14	(0.15)	0.14	(0.15)

These Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial statements.

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

	Note	Unaudited As at 30.09.2023 RM'000	Audited As at 30.06.2023 RM'000 (Restated)
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	4	56,935	30,453
Investment properties	4	2,344	2,381
Right-of-use assets	4	59,370	16,429
		<u>118,649</u>	<u>49,263</u>
<u>Current assets</u>			
Inventories		20,100	22,735
Trade and other receivables		73,696	61,675
Prepayments		7,071	8,322
Contract assets		7,582	6,194
Current tax assets		275	449
Fixed deposits with licensed banks		10,496	10,421
Cash and bank balances		14,456	29,688
		<u>133,676</u>	<u>139,484</u>
TOTAL ASSETS		<u>252,325</u>	<u>188,747</u>
EQUITY AND LIABILITIES			
Share capital		166,259	166,259
Foreign currency translation reserves		(1,700)	(1,621)
Revaluation reserves		54,358	2,182
Accumulated losses		(83,090)	(84,162)
Equity attributable to owners of the Company		<u>135,827</u>	<u>82,658</u>
Non-controlling interests		941	865
Total equity		<u>136,768</u>	<u>83,523</u>
<u>Non-current liabilities</u>			
Other payables		142	142
Loans and borrowings	23	19,750	20,455
Lease liabilities		1,831	1,726
Deferred tax liabilities		16,919	593
		<u>38,642</u>	<u>22,916</u>
<u>Current liabilities</u>			
Trade and other payables		53,272	53,824
Contract liabilities		785	816
Loans and borrowings	23	20,617	26,168
Lease liabilities		596	554
Current tax liabilities		1,645	946
		<u>76,915</u>	<u>82,308</u>
Total liabilities		<u>115,557</u>	<u>105,224</u>
TOTAL EQUITY AND LIABILITIES		<u>252,325</u>	<u>188,747</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.21</u>	<u>0.13</u>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2023.

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023****Unaudited Condensed Consolidated Statement of Changes in Equity**

	Note	Attributable to owners of the Company				Total equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Non-distributable Foreign exchange translation reserve RM'000	Revaluation reserve RM'000	Accumulated losses RM'000			
3 months ended 30.09.2023								
Balance as at 01.07.2023, as previously reported		166,259	(1,621)	-	(81,980)	82,658	865	83,523
Effect of a change in accounting policy		-	-	2,182	(2,182)	-	-	-
Balance as at 01.07.2023, restated		166,259	(1,621)	2,182	(84,162)	82,658	865	83,523
Profit after tax for the period	26	-	-	-	926	926	76	1,002
Foreign currency translation differences		-	(79)	-	-	(79)	-	(79)
Revaluation of properties		-	-	52,176	146	52,322	-	52,322
Total comprehensive (income)/expenses for the period		-	(79)	52,176	1,072	53,169	76	53,245
Changes in ownership interests:								
Acquisition of a subsidiary with non-controlling interest		-	-	-	-	-	-	-
Disposal of non-controlling interest		-	-	-	-	-	-	-
Total changes in ownership interests		-	-	-	-	-	-	-
Balance as at 30.09.2023		166,259	(1,700)	54,358	(83,090)	135,827	941	136,768

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2023.

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023****Unaudited Condensed Consolidated Statement of Changes in Equity**

	Note	Attributable to owners of the Company			Total equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Foreign exchange translation reserve RM'000	Accumulated losses RM'000			
3 months ended 30.09.2022							
Balance as at 01.07.2022		153,624	(849)	(57,520)	95,255	(89)	95,166
Loss after tax for the period	26	-	-	(871)	(871)	(71)	(942)
Foreign currency translation differences		-	(674)	-	(674)	-	(674)
Total comprehensive expenses for the period		-	(674)	(871)	(1,545)	(71)	(1,616)
Changes in ownership interests:							
Acquisition of a subsidiary with non-controlling interest		-	-	-	-	225	225
Disposal of non-controlling interest		-	-	(130)	(130)	40	(90)
Total changes in ownership interests		-	-	(130)	(130)	265	135
Balance as at 30.09.2022		153,624	(1,523)	(58,521)	93,580	105	93,685

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2023.

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

		3 months ended	
	Note	30.09.2023	30.09.2022
		RM'000	RM'000
Cash flows from operating activities			
Profit/(loss) before tax		2,120	(942)
Adjustments for:			
Depreciation of property, plant and equipment, investment properties and right-of-use assets	28	1,490	1,506
Finance costs	28	519	506
Inventories written off	28	1	-
Finance income	28	(116)	(43)
Reversal of impairment loss on trade receivables	28	(3)	-
Reversal of impairment loss on other receivables	28	(3)	-
Unrealised gain on foreign exchange	28	(81)	(656)
Operating profit before working capital changes		3,927	371
Decrease in inventories		2,634	215
Increase in trade and other receivables		(10,764)	(830)
Increase in contract assets		(1,388)	(1,014)
Decrease in trade and other payables		(468)	(1,878)
(Decrease)/increase in contract liabilities		(31)	508
Cash used in operating activities		(6,090)	(2,628)
Interest paid		(519)	(506)
Interest received		116	43
Income tax paid		(427)	(316)
Income tax refunded		135	-
Net cash used in operating activities		(6,785)	(3,407)
Cash flows from investing activities			
Acquisition of property, plant and equipment and right-of-use asset		(2,182)	(167)
Acquisition of non-controlling interest		-	(90)
Increase in fixed deposits pledged to licensed banks		(75)	-
Net cash used in investing activities		(2,257)	(257)
Cash flows from financing activities			
Net proceeds from issuance of ordinary shares		-	225
Drawdown of lease liabilities		286	-
Drawdown of bankers' acceptances		9,383	9,469
Repayment of lease liabilities		(138)	(378)
Repayment of term loans		(657)	(647)
Repayment of bankers' acceptances		(9,311)	(9,138)
Net cash used in financing activities		(437)	(469)

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

	Note	3 months ended	
		30.09.2023	30.09.2022
		RM'000	RM'000
Net decrease in cash and cash equivalents		(9,479)	(4,133)
Effect of foreign exchange translation		(81)	(687)
Cash and cash equivalents at the beginning of the period		24,016	35,645
Cash and cash equivalents at the end of the period		14,456	30,825
Cash and cash equivalents at the end of the financial period comprise the following:			
Deposits, cash and bank balances		24,952	31,415
(Less) Bank overdraft		-	-
(Less) Fixed deposits pledged		(10,496)	(590)
		14,456	30,825

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2023.

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

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

1. Basis of preparation

The condensed consolidated interim financial statements (“Condensed Report”) have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report also complies with IAS 134 Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”).

The Condensed Report should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 30 June 2023. The explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 30 June 2023.

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

2. Significant accounting policies

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 30 June 2023 except for the following:

MFRSs and/or IC Interpretations (including the Consequential Amendments)	Effective Date
Amendments to MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101, Presentation of Financial Statements – Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107, Statement of Cash Flows – Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability	1 January 2025
Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

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

The auditors’ report on the financial statements for the financial year ended 30 June 2023 was not qualified.

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

	Manufacturing RM'000	Construction / EPCC RM'000	Property trading / Others RM'000	Consolidated RM'000
Segment revenue				
Total revenue including inter- segment sales	29,646	10,300	-	39,946
(Less) inter-segment sales	(43)	(500)	-	(543)
External revenue	<u>29,603</u>	<u>9,800</u>	<u>-</u>	<u>39,403</u>
Segment results				
Results	4,663	(286)	(14)	4,363
Finance costs	(490)	(25)	(4)	(519)
Corporate expenses				(1,724)
Profit before tax				2,120
Taxation				(1,118)
Profit after tax				<u>1,002</u>
Other information				
Finance income	<u>38</u>	<u>42</u>	<u>36</u>	<u>116</u>

Results for 3 months ended 30 September 2022

	Manufacturing RM'000	Construction / EPCC RM'000	Property trading / Others RM'000	Consolidated RM'000
Segment revenue				
Total revenue including inter- segment sales	24,524	6,882	-	31,406
(Less) inter-segment sales	(362)	(713)	-	(1,075)
External revenue	<u>24,162</u>	<u>6,169</u>	<u>-</u>	<u>30,331</u>

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023****PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARD (MFRS) 134 – INTERIM FINANCIAL REPORTING (cont'd)****4. Segment information (cont'd)****Results for 3 months ended 30 September 2022 (cont'd)**

	Manufacturing RM'000	Construction / EPCC RM'000	Property trading / Others RM'000	Consolidated RM'000
Segment results				
Results	1,508	(16)	(8)	1,484
Finance costs	(466)	(26)	(14)	(506)
Corporate expenses				(1,920)
Loss before tax				(942)
Taxation				-
Loss after tax				(942)
Other information				
Finance income	31	6	6	43

Segment revenue by countries

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Malaysia	39,403	30,331	39,403	30,331

Segment non-current assets by countries

	Unaudited As at 30.09.2023 RM'000	Audited As at 30.06.2023 RM'000
Malaysia	118,649	49,263

5. Changes in estimates

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

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

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

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

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

7. Comments about seasonal or cyclical factors

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

8. Dividend paid

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

9. Property, plant and equipment and right-of-use assets

(i) Acquisition and disposal/written off

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM	RM	RM	RM
Acquisition (cost)	2,181,678	167,507	2,181,678	167,507
Disposal/written off (net book value)	<u>-</u>	<u>26</u>	<u>-</u>	<u>26</u>

(ii) Valuation of Lands and Buildings under Property, plant and equipment & Right-of-use assets

Pursuant to change of accounting policy for land and buildings, the Group's land and buildings are subsequently measured at revalued amount less accumulated depreciation and any accumulated impairment losses.

The valuations were carried out by independent firms of professional valuers namely Rahim & Co International Sdn. Bhd. and VPC Alliance (Sarawak) Sdn. Bhd. using the comparison method depending on the nature of the property. The comparison method entails comparing the property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as locations and accessibility, size, building construction and finishes, building services, management and maintenance, age and stat of repair, market conditions and other relevant characteristics.

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

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

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Expenditure:				
Insurance premium paid or payable to a related party, Transnational Insurance Brokers (M) Sdn. Bhd.	118	183	118	183
			Unaudited As at 30.09.2023 RM'000	Audited As at 30.06.2023 RM'000
Amount due by related parties			2,000	-

(ii) Transactions with an associate¹:

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Purchase of working attire	-	2	-	2
Construction and progress claim of batching plant paid or payable	87	-	87	-

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

Note:

¹ Associate refers to Edaran Kencana Sdn. Bhd.

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

	Unaudited As at 30.09.2023 RM'000	Audited As at 30.06.2023 RM'000
Unquoted shares, at cost	300	300
Share of post-acquisitions reserve	-	-
(Less) Impairment loss on investment in an associate	(300)	(300)
	<u>-</u>	<u>-</u>

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Effective equity interest	
			Unaudited As at 30.09.2023	Audited As at 30.06.2023
Edaran Kencana Sdn. Bhd.	Malaysia	General contractors and builders, engineering consultancy and other related services	30%	30%

12. Debt and equity securities

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the quarter and financial period under review.

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

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

13. Changes in composition of the group

There were no changes in the composition of the Group during the quarter and financial period under review.

14. Capital commitments

	Unaudited As at 30.09.2023 RM’000	Audited As at 30.06.2023 RM’000
Capital expenditure not provided for in the financial statements:		
Contracted for but not provided for	<u>1,642</u>	<u>2,271</u>

15. Contingent liabilities – unsecured

	Unaudited As at 30.09.2023 RM’000	Audited As at 30.06.2023 RM’000
Corporate guarantee given to bank for credit facilities granted to a subsidiary	<u>41,606</u>	<u>42,266</u>

16. Significant and subsequent events

Settlement agreement and termination of contract in relation to Muallim Project

On 6 July 2023, the Company and its wholly owned subsidiary company, SCIB Properties Sdn. Bhd. (“SCIBP”) entered into a settlement agreement with their client who is also the project owner of the abovementioned project that has been awarded to the Group on 7 May 2021, to mutually terminate the Contract and confirm the obligation on the full and final settlement of debts and establish the term and payment schedule for the amount due between the parties after taking into consideration of protecting the Group’s interests in mitigating the risks arising from the non-movement of project progress.

The key salient terms of the said agreements included that the said parties acknowledged and confirmed their obligations on the settlement of the debt of RM18,715,250 only (“Debt”) and it shall assume the sole obligation and responsibility to reimburse the Debt to SCIBP in accordance with Schedule A in the said agreement.

The first payment which amounted to RM75,000 has been received by SCIBP on 21 August 2023.

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023****PART B - ADDITIONAL INFORMATION PURSUANT TO THE MAIN MARKET LISTING
REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD****17. Performance review**

<u>By business segments</u>	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Revenue				
- Manufacturing	29,603	24,162	29,603	24,162
- Construction/EPCC	9,800	6,169	9,800	6,169
- Property trading /Others	-	-	-	-
Group revenue	39,403	30,331	39,403	30,331
Profit/(loss) before tax				
- Manufacturing	4,173	1,042	4,173	1,042
- Construction/EPCC	(311)	(42)	(311)	(42)
- Property trading /Others	(18)	(22)	(18)	(22)
	3,844	978	3,844	978
(Less) Corporate expenses	(1,724)	(1,920)	(1,724)	(1,920)
Group profit/(loss) before tax	2,120	(942)	2,120	(942)

The Group recorded revenue of RM39.4 million and profit before tax of RM2.1 million for the current quarter ended 30 September 2023, compared to revenue of RM30.3 million and loss before tax of RM942,000 in the corresponding quarter of the preceding financial year, representing an increase of 30% in revenue and an increase of RM3 million in profit before tax.

Manufacturing

Manufacturing segment being the pillar of the Group, continued to thrive and remained as the largest contributor to the Group's revenue. The segment reported revenue of RM29.6 million and profit before tax of RM4.2 million for the current quarter, compared to revenue of RM24.2 million and profit before tax of RM1 million in the corresponding quarter of the preceding financial year. The higher revenue in the current quarter was primarily driven by increase in sales volume of foundation piles. The improvement of profitability in the current quarter was mainly contributed by higher profit margin and sales growth.

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

PART B - ADDITIONAL INFORMATION PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD (cont'd)

17. Performance review (cont'd)

Construction/EPCC

Construction/EPCC segment registered revenue of RM9.8 million with loss before tax of RM311,000 for the current quarter, compared to revenue of RM6.2 million and loss before tax of RM42,000 in the corresponding quarter of the preceding financial year. Revenue saw an improvement in the current quarter mainly due to on-going progress of road maintenance and school projects. The higher loss before tax in the current quarter was mainly due to relative high project related expenses.

Property trading/Others

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

18. Variation of results against preceding quarter

The Group recorded revenue of RM39.4 million and profit before tax of RM2.1 million for the current quarter, compared to revenue of RM33.3 million and loss before tax of RM18.5 million in the immediate preceding quarter, representing 18.3% increase in revenue and RM20.6 million increase in profit before tax. The improvement of revenue in the current quarter was primarily attributed to contributions from manufacturing segment. The loss before tax in the immediate preceding quarter was mainly due to net impairment loss of trade and other receivables of RM19.1 million.

Manufacturing division reported revenue of RM29.6 million and profit before tax of RM4.2 million for the current quarter, compared to revenue of RM21.6 million and profit before tax of RM2.8 million in the immediate preceding quarter. The improved revenue and profit before tax in the current quarter was mainly due to higher profit margin coupled with increase in sales volume of its foundation piles for the roads upgrading, extension of factories and school projects in Sarawak.

Construction/EPCC division recorded revenue of RM9.8 million and loss before tax of RM311,000 for the current quarter, compared to revenue of RM11.7 million and loss before tax of RM4.5 million in the immediate preceding quarter. The higher revenue in the current quarter compared to the immediate preceding quarter mainly attributable to higher construction progress. The higher loss in the immediate preceding quarter was mainly due to net impairment loss of trade and other receivables of RM5.4 million.

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

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19. Prospects

The Group is hopeful about the world economy despite challenges because economic experts are predicting a moderated growth trajectory. It is predicted that advanced economies will experience modest growth of 1.5% and 1.4% over the next two years, largely due to the impact of policy tightening and global market adjustments.

In this shifting economic climate, emerging economies, including ours, are bracing for a slight slowdown, with growth projections dipping to 4.0%. Inflation, a dominant theme in recent economic discussions, is expected to decrease by 2024. Central banks globally are playing a crucial role in managing inflation expectations, using monetary policy as a key tool amid fluctuating commodity prices and changing trade dynamics.

Turning our attention to Malaysia, our economy is showing signs of resilience and recovery. The country is looking at a growth rate of 3.9% in 2023, with prospects of an increase to 4.3% in 2024. This positive outlook is supported by the broader global recovery, even as China undergoes significant economic changes.

However, domestic challenges persists, including subdued demand and conservative revenue projections. The World Bank has recommended strategies like fiscal prudence and targeted support mechanisms to address these issues and tackle income inequality. These strategies are crucial for strengthening our nation's fiscal health through tax reforms and smarter government spending.

At the core of Malaysia's economic resurgence is the Madani Economy framework, aimed at reducing disparities and promoting inclusive growth. The Malaysia MADANI Budget 2024 has allocated RM5.8 billion to Sarawak, reinforcing our commitment to the Malaysia Agreement 1963 and highlighting the region's infrastructure and economic potential.

The Pan Borneo Highway project is a key development milestone, set to complete next year. This project is vital not just for improving connectivity between Sarawak and Sabah but also for boosting the region's economy. The completion of 19 work packages in the Pan Borneo Sabah Phase 1B project, worth RM15.7 billion, marks a significant development phase. These packages will enhance infrastructure, trade, service access, and job creation.

Additionally, the Sarawak-Sabah Link Road Phase 2 project, with an estimated cost of RM7.4 billion, is expected to start by the end of this year. This project will further integrate Sarawak and Sabah's economic activities, offering an alternative to the coastal road network and opening up new development possibilities.

Upgrading the North South Highway, particularly from Sedenak to Simpang Renggam, with an investment of RM931 million, is part of our strategic infrastructure expansion plan. This upgrade is crucial for improving traffic flow and logistics efficiency, supporting the growing demands of our economy and logistics sector.

SCIB has embarked on Q1 FY2024 with strategic recalibrations and pragmatic decisions. The Group's recent contract terminations, while marking the end of certain projects, signify SCIB's commitment to prudent contract management and focusing on more promising opportunities.

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19. Prospects (cont'd)

SCIB is also shaped by changes in our corporate structure and strategic alliances. The Memorandum of Understanding with Irix Sdn. Bhd. for the SEA-H2X Cable System, valued at RM250.0 million, and the exploratory MOU with PT MRT Jakarta, highlight our forward-looking approach to regional development opportunities.

SCIB's financial foundation has been strengthened with Islamic Banking Facilities amounting to RM34.0 million, enhancing the Group's fiscal agility to seize emerging opportunities.

SCIB's total outstanding orderbook now stands at RM257.19 million. The Group will continue to focus on the pursuit of expansion, with a watchful eye on the evolving economic terrain and a firm grip on the rudder steering towards sustainable growth.

In summary, SCIB's Q1 FY2024 is a testament to the Group's resilience and strategic acumen. The Group remain optimistic despite economic uncertainties, as the management remain committed to delivering long-term value to the stakeholders.

Source:

1. [*Global recovery remains slow, with growing regional divergences and little margin for policy error*](#)
2. [*Budget 2024: RM12.4 Billion For Sabah And Sarawak*](#)
3. [*2024 Budget: Sarawak Pan Borneo Highway Project set for full completion next year*](#)
4. [*BUDGET 2024: The biggest one to be tabled, with record OpEx*](#)
5. [*Sarawak Consolidated and MRT Jakarta Collaborate on transit-oriented development projects*](#)

20. (i) Variance of actual profit from forecast profit

Not applicable

(ii) Shortfall in the profit guarantee

Not applicable

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	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Current taxation	1,164	-	1,164	-
Crystallisation of deferred taxation upon depreciation of revalued assets	(46)	-	(46)	-
	<u>1,118</u>	<u>-</u>	<u>1,118</u>	<u>-</u>

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

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22. Corporate proposals

Private placement of up to 82,722,252 new ordinary shares representing up to 10% of the issued ordinary shares (“Private Placement”)

As at date of this report, the Company had allotted and issued 58,203,753 new ordinary shares with total proceeds raised of RM12,759,058 pursuant to the previous General Mandate as follows:-

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

Details and status of the utilisation of proceeds are as follows:

Description	Estimated timeframe for utilisation of proceeds from the date of listing of the placement shares*	Proposed utilisation		Actual utilisation RM'000	Balance RM'000
		Maximum scenario#	Based on actual proceeds		
		RM'000	RM'000		
Working capital ⁽ⁱ⁾	Within 12 months	3,500	3,753	3,753	-
Repayment of bank borrowings ⁽ⁱⁱ⁾	Within 12 months	7,077	8,859	8,859	-
Estimated expenses for the Proposed Private Placement ⁽ⁱⁱⁱ⁾	Within 3 months	400	147	147	-
Total proceeds		10,977	12,759	12,759	-

Notes:

* From the date of listing of the Placement Shares.

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

(i) The Company intends to utilise part of the proceeds to be raised from the Proposed Private Placement for payroll (staff salary) to supplement the existing working capital of the Group and to help improve the cash flow of the Group.

(ii) The Company proposes to utilise up to approximately RM7.077 million of the proceeds to reduce the bank borrowings (banker's acceptance) of SCIB Group. The excess in the actual proceeds as compared to the maximum scenario was due to differences in the issue price, the proceeds will be allocated to repayment of bank borrowings.

(iii) This includes payment of fees to Bursa Securities, adviser and placement agent. Any deviation in the actual amount of expenses for the Proposed Private Placement will be adjusted accordingly to/from the working capital of SCIB Group.

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	Unaudited As at 30.09.2023 RM'000	Audited As at 30.06.2023 RM'000
Short-term borrowings		
Secured	20,617	26,168
Long-term borrowings		
Secured	19,750	20,455
	<u>40,367</u>	<u>46,623</u>

All of the above borrowings are denominated in Ringgit Malaysia.

24. Derivatives financial instruments

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

25. Proposed dividend

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

26. Profit/(loss) per share

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

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Profit/(loss) attributable to owners of the Company (RM'000)	926	(871)	926	(871)
Weighted average number of ordinary shares in issue ('000)	640,241	582,038	640,241	582,038
Basic profit/(loss) per share (sen)	<u>0.14</u>	<u>(0.15)</u>	<u>0.14</u>	<u>(0.15)</u>

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27. Material litigation

Dynamic Prestige Consultancy Sdn. Bhd. (“Dynamic Prestige”) vs Sarawak Consolidated Industries Berhad – Shah Alam High Court Civil Suit No. BA-22NCC-83-07/2023

On 6 July 2023, the Company (“the Plaintiff”) filed in Shah Alam High Court (Civil Suit No. BA-22NCC-83-07/2023) against Dynamic Prestige (“Defendant”) for:

- i) Writ and Statement of Claim to, among others, claim for the payment or refund of the sum of RM14,000,000 pursuant to the Defendant’s undertaking that it would return the sum of RM14,000,000 paid by the Company to the Dynamic Prestige in the event the Company decides not to proceed with the Redeemable Convertible Preference Shares scheme offered by Dynamic Prestige (“Main Suit”).
- ii) Ex-parte Notice of Application for an injunction to prevent the Defendant from dissipating its assets pending the hearing and disposal of the Main Suit. (“Injunction Application”).

On 1 August 2023, the High Court granted an ad-interim injunction to the Company and directed the parties file their respective cause papers and pleadings.

An application for recusal (“Recusal Application”) was filed on 7 September 2023 against the solicitors for the Defendant.

The High Court has fixed 1 November 2023 for the case management of the Main Suit and the hearing for the Injunction Application.

The High Court has fixed the hearing for the Recusal Application on 6 November 2023.

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment, investment properties and right-of-use assets	1,490	1,506	1,490	1,506
Finance costs	519	506	519	506
Inventories written off	1	-	1	-
Finance income	(116)	(43)	(116)	(43)
Reversal of impairment loss on trade receivables	(3)	-	(3)	-
Reversal of impairment loss on other receivables	(3)	-	(3)	-
Unrealised gain on foreign exchange	(81)	(656)	(81)	(656)

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 29 November 2023.