

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

## **INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

### **NOTES**

#### **1. Basis of preparation**

The interim financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain property, plant and equipment. The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. These explanatory notes attached to the interim financial statements 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 2008.

The interim financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000).

#### **2. Changes in accounting policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008.

At the date of authorisation of these interim financial statements, the following new FRS and Interpretations were issued but not yet effective and have not been applied by the Group:

<b>FRSs and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
FRS 7 : Financial Instruments: Disclosures	1 January 2010
FRS 8 : Operating Segments	1 July 2009
FRS 139 : Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 : Interim Financial Reporting and Impairment	1 January 2010

The new FRS and Interpretations above are expected to have no significant impact to the financial statements of the Group upon their initial application except for the changes in disclosures arising from adoption of FRS 7. The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

#### **3. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2008 was not qualified.

#### **4. Segmental information**

	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Revenue</b>				
Manufacturing	7,097	6,638	7,097	6,638
Property trading	4,702	400	4,702	400
Total revenue including inter-segment sales	11,799	7,038	11,799	7,038
Elimination of inter-segment sales	-	-	-	-
Total	11,799	7,038	11,799	7,038

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**NOTES (cont'd)**

**4. Segmental information (cont'd)**

**Segment Results**

Manufacturing	(1,468)	(759)	(1,468)	(759)
Property trading	426	(12)	426	(12)
Others	(41)	-	(41)	-
	<u>(1,083)</u>	<u>(771)</u>	<u>(1,083)</u>	<u>(771)</u>
Elimination	-	(125)	-	(125)
Total	<u>(1,083)</u>	<u>(896)</u>	<u>(1,083)</u>	<u>(896)</u>

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 March 2009 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 31 March 2009.

**9. Carrying amount of revalued assets**

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2008.

**10. 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 year-to-date.

**11. Changes in composition of the Group**

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

**12. Capital commitments**

There was no material capital commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2009.

**13. Contingent liabilities – Unsecured**

	<b>As At 31.03.2009 RM'000</b>	<b>As At 31.12.2008 RM'000</b>
Corporate guarantee given to a bank for credit facilities granted to a subsidiary	40,000	40,000

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

##### **14. Significant event**

On 10 March 2009, Influx Meridian Sdn. Bhd. and Sarawak Concrete Industries Berhad entered into a Conditional Sale and Purchase Agreement for the disposal of 43 hectares of mixed zone land approved for development located at Kuching, Sarawak for a sale consideration of RM20 million to be settled in cash.

##### **15. Subsequent event**

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

##### **16. Performance review**

The Group recorded gross revenue of RM11.8 million for the current financial quarter under review, representing an increase of approximately 68% as compared to RM7.04 million posted in the corresponding quarter of 2008. Higher revenue in the current quarter was attributed to sales of 13 apartment units at Santubong Suites by its properties division.

The Group registered a net loss of RM1.61 million in the current financial quarter of 2009 as compared to RM1.51 million net loss in the corresponding quarter of 2008 as a result of low contribution from its roofing and industrialized building system (“IBS”) divisions. With the Government’s implementation of IBS usage in all government projects, the Group is confident to record improved contribution from its IBS division in the near future.

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

The Group registered a net loss of RM1.610 million with a revenue of RM11.799 million for the current quarter as compared to a net loss of RM5.384 million with a revenue of RM9.917 million in the preceding quarter.

##### **18. Current year prospects**

The Board has recently announced the proposed disposal of 43 hectares of mixed zone land for a cash consideration of RM20,000,000 (“Proposed Disposal”). The Proposed Disposal will strengthen the Group’s financial standing with substantial settlement of the Group’s borrowings. Ultimately, the Group is poised to benefit from its leadership position in pre-cast concrete products with the rolling out of major projects under the 9<sup>th</sup> Malaysia Plan and Sarawak Corridor Of Renewable Energy (“SCORE”).

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

Not applicable

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

Not applicable

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**NOTES (cont'd)**

**20. Income tax expense**

	3 months ended		3 months ended	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
	RM'000	RM'000	RM'000	RM'000
Current tax	-	-	-	-
(Over)/underprovision of tax in prior year	-	-	-	-
Deferred tax	-	-	-	-
Total income tax expense	-	-	-	-

**21. Sales of unquoted investments and properties**

There were no sales of unquoted investments and properties for the current quarter and financial period ended 31 March 2009.

**22. Quoted securities**

**a) Purchases and disposals of quoted securities**

There were no purchases or disposals of quoted securities for the current quarter and financial period ended 31 March 2009.

**b) Investment in quoted securities**

There were no investments in quoted shares as at the reporting period.

**23. Corporate Proposals**

***Internal Group Rationalisation Exercise***

The Internal Group Rationalisation exercise has been completed except for the legal transfer of the land and buildings which are still in progress.

***Proposed Disposal of 43 hectares of mixed zone land***

On 10 March 2009, the Company entered into a Conditional Sale and Purchase Agreement with Influx Meridian Sdn Bhd for the disposal of all that parcel of land situated at Sungai Siol, Petra Jaya Kuching and described as Lot 3328 Block 14 Salak Land District with an approximate area of 43 hectares for a sale consideration of RM20 million to be settled in cash.

On 16 April 2009, the Company obtained the approval of the Foreign Investment Committee.

The Company is seeking for the approval of the shareholders in the coming Extraordinary General Meeting to be convened.

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**NOTES (cont'd)**

**24. Borrowings**

	<b>As at 31.03.2009 RM'000</b>	<b>As at 31.12.2008 RM'000</b>
<b>Short term borrowings</b>		
Secured	7,102	6,524
Unsecured	163	171
	<u>7,265</u>	<u>6,695</u>
<b>Long term borrowings</b>		
Secured	19,998	21,132
	<u>27,263</u>	<u>27,827</u>

All of the above borrowings are denominated in Ringgit Malaysia.

**25. Off balance sheet financial instruments**

There were no off balance sheet financial instruments as at the date of this announcement.

**26. Material litigation**

- On 6 November 2003, the Company announced that it had entered into a Conditional Sale Share Agreement (“SSA”) to acquire the entire issued and paid-up capital of Eurologic Sdn Bhd. Eurologic Sdn Bhd has 65% interest in N S Water Konsortium Sdn Bhd (“Konsortium”), the water concession company which has been granted the exclusive rights and responsibilities to undertake the privatisation of water supply in the State of Negeri Sembilan upon the terms and conditions to be agreed upon between the State Government of Negeri Sembilan and the Konsortium.

On 16 January 2008, the Company through its solicitor had demanded refund of all monies paid under the SSA amounting RM5.8 million as the vendors failed to fulfill the conditions precedent. On 21 January 2008, the Company received Letter of Settlement from Tiara Senja Sdn Bhd. On 14 March 2008, the Writ of Summons was filed and served on Alcovest Connection Sdn Bhd and Orionsun Gains Sdn Bhd. The RM5.8 million paid has been fully provided as doubtful debts in 2007.

- A claim by the Konsortium and two individuals (“the Plaintiffs”) was filed against the Company, Zecon Bhd. and a director of the Company for breach of fiduciary duties, breach of confidential information and for committing tort of conspiracy, whereby causing injury to the Plaintiffs. The Plaintiffs claimed that certain contract works relating to the Privatisation project in Negeri Sembilan has been obtained by Zecon Bhd via Zecon Bhd’s access to confidential information obtained from the Company in view of a director’s relationship with Zecon Bhd and intended acquisition of Eurologic Sdn. Bhd as mentioned above. The directors are of the opinion that no provision is required as the Company is not directly a party to the claim.

**27. Dividend payable**

No interim ordinary dividend has been declared for the financial period ended 31 March 2008 (31 December 2008: Nil).

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**NOTES (cont'd)**

**28. Basic loss per share**

	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loss attributable to ordinary equity holders of the parent	<u>(1,610)</u>	<u>(1,507)</u>	<u>(1,610)</u>	<u>(1,507)</u>

	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Weighted average number of ordinary shares in issue	<u>73,578</u>	<u>73,578</u>	<u>73,578</u>	<u>73,578</u>

**28. Basic loss per share (cont'd)**

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Basic and diluted loss per share for loss for the period	<u>(2.19)</u>	<u>(2.05)</u>	<u>(2.19)</u>	<u>(2.05)</u>

**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 May 2009.