

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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

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 2010. 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 2010.

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 2010 except for the adoption of the following Financial Reporting Standards (“FRS”), amendments to FRSs and Interpretations which are mandatory for financial period beginning 1 January 2011.

On 1 January 2011, the Group adopted the following new and amended FRSs and IC Interpretations:-

FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (Revised)
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1 : Additional Exemptions for First-time Adopters
Amendments to FRS 2: Share-based Payment
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7: Improving Disclosures about Financial Instruments
Amendments to FRS 127: Consolidated and Separate Financial Statements
Amendments to FRS 132: Financial Instruments: Presentation
Amendments to FRS 138: Intangible Assets
Amendments to FRSs ‘Improvements to FRSs issued in 2010’
IC Interpretation 4 : Determining Whether an Arrangement Contains a Lease
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17 : Distributions of Non-cash Assets to Owners
IC Interpretation 18: Transfers of Assets from Customers
Amendments to IC Interpretation 9 : Reassessment of Embedded Derivatives
Amendments to IC Interpretation 15: Agreements for the Construction of Real Estate

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations do not have significant financial impact on the Group’s financial statements in the period of initial application except for the changes in accounting policies arising from the adoption of the new disclosures under the Amendments to FRS 7 which will affect the 2011 annual financial statements.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

NOTES (cont'd)

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2010 was not qualified.

4. Segmental information

Results for the 3 months ended 30 September 2011

	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	11,332	-	122	-	11,454
Less: Inter-segment sales	(44)	-	-	-	(44)
External revenue	<u>11,288</u>	<u>-</u>	<u>122</u>	<u>-</u>	<u>11,410</u>
Segment Results					
Results	210	(13)	(27)	(2)	168
Finance costs	(258)	-	-	-	(258)
Share of results of an associate					-
Loss before tax					<u>(90)</u>
Income tax expense					-
Loss after tax					<u>(90)</u>
Other information					
Interest income	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**

NOTES (cont'd)

4. Segmental information (cont'd)

Results for the 3 months ended 30 September 2010

	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	9,960	-	628	-	10,588
Less: Inter-segment sales	(343)	-	-	-	(343)
External revenue	<u>9,617</u>	<u>-</u>	<u>628</u>	<u>-</u>	<u>10,245</u>
Segment Results					
Results	254	(12)	(23)	(1)	218
Finance costs	(374)	-	-	-	(374)
Share of results of an associate					-
Loss before tax					<u>(156)</u>
Income tax expense					-
Loss after tax					<u>(156)</u>
Other information					
Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Results for the 9 months ended 30 September 2011

	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	32,870	-	1,001	-	33,871
Less: Inter-segment sales	(341)	-	-	-	(341)
External revenue	<u>32,529</u>	<u>-</u>	<u>1,001</u>	<u>-</u>	<u>33,530</u>

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**

NOTES (cont'd)

4. Segmental information (cont'd)

Results for the 9 months ended 30 September 2011 (cont'd)

	Manu- facturing RM'000	Property trading RM'000	Const- ruction RM'000	Others RM'000	Consolidated RM'000
Segment Results					
Results	1,547	(28)	239	(2)	1,756
Finance costs	(806)	-	-	-	(806)
Share of results of an associate					-
Profit before tax					950
Income tax expense					(76)
Profit after tax					874
Other information					
Interest income	92	-	-	-	92

Results for the 9 months ended 30 September 2010

	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	30,310	-	2,221	-	32,531
Less: Inter-segment sales	(1,491)	-	-	-	(1,491)
External revenue	28,819	-	2,221	-	31,040
Segment Results					
Results	304	(33)	41	(2)	310
Finance costs	(905)	-	-	-	(905)
Share of results of an associate					-
Loss before tax					(595)
Income tax expense					-
Loss after tax					(595)
Other information					
Interest income	4	-	-	-	4

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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 30th September 2011 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 2011.

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 2010.

10. Investment in an associate

	As At 30.09.2011 RM'000	As At 31.12.2010 RM'000
Unquoted shares, at cost	3,000	3,000
Share of post-acquisitions reserves	(14)	(14)
	<u>2,986</u>	<u>2,986</u>

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest	
			As at 30.09.2011 %	As at 31.12.2010 %
Held through SCIB Properties Sdn. Bhd. :				
Influx Meridian Sdn. Bhd.	Malaysia	Property development	40%	40%

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 year-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 year-to-date.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

NOTES (cont'd)

13. Capital commitments

	As At 30.09.2011 RM'000	As At 31.12.2010 RM'000
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	364	92
Approved but not contracted for	500	-
	<u>864</u>	<u>92</u>
	=====	=====

14. Contingent liabilities – Unsecured

	As At 30.09.2011 RM'000	As At 31.12.2010 RM'000
Corporate guarantee given to bank for credit facilities granted to a subsidiary	27,000	25,000
	<u>27,000</u>	<u>25,000</u>
	=====	=====

15. Subsequent event

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

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

16. Performance review

The Group registered revenue of RM11.4 million for the current quarter under review, compared to revenue of RM10.2 million generated in the same quarter last year, a slight increase of 12% was recorded. Sales from the manufacturing division grew by 17% as compared to the corresponding quarter last year. This was mainly contributed by higher sales volume and increased in demand for industrialised building system components and also concrete pipes.

In this quarter under review, the Group reported a lower loss before tax of RM90,000, as compared to loss before tax of RM156,000 registered in the corresponding quarter last year. On a year-to-date basis, the Group reported revenue of RM33.5 mil for the financial period ended 30th September 2011, as compared to RM31 mil for the corresponding period in 2010, representing an increase of 8%. In tandem with higher revenue, the Group achieved a profit after tax of RM874,000 as compared to RM595,000 of loss after tax in the previous year corresponding period. The improved profitability in the current quarter and year-to-date as compared to prior year was primarily due to improvement in the contribution margins from sale of the industrialised building system components.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

NOTES (cont'd)

17. Variation of results against preceding quarter

The Group registered a net loss of RM90,000 from a revenue of RM11.4 mil for the current quarter as compared to a net loss of RM283,000 from a revenue of RM10.6 mil in the preceding quarter. Higher revenue and lower loss posted in the current quarter compared to the preceding quarter was mainly due to better performance achieved by the manufacturing in the current quarter under review.

18. Prospects for the next financial year

The Board of Directors expects the Group to benefit from its leadership position in pre-cast concrete products and Industrialised Building System components in Sarawak with the rolling out of major projects under the 10th Malaysia Plan and Sarawak Corridor Of Renewable Energy. The Board remains positive that the Group will achieve better performance next year.

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

Not applicable

(b) Shortfall in the profit guarantee

Not applicable

20. Income tax expense

	3 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Current tax	-	-	60	-
(Over)/underprovision of tax in prior year	-	-	16	-
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax	-	-	-	-
Total income tax expense	<hr/>	<hr/>	<hr/>	<hr/>

21. Sales of unquoted investments and properties

There were no sales of unquoted investments and properties for the current quarter and financial period ended 30 September 2011.

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 30 September 2011.

b) Investment in quoted securities

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

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

NOTES (cont'd)

23. Corporate Proposals

Status of corporate proposal announced

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

24. Borrowings

	As at 30.09.2011 RM'000	As at 31.12.2010 RM'000
Short term borrowings		
Secured	3,420	3,253
Unsecured	-	-
	<u>3,420</u>	<u>3,253</u>
Long term borrowings		
Secured	9,957	12,604
	<u>13,377</u>	<u>15,857</u>

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 period.

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.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

NOTES (cont'd)

Material litigation (cont'd)

- 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 30 September 2011 (30 September 2010: Nil).

28. Basic (loss)/ profit per share

	3 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM’000	RM’000	RM’000	RM’000
(Loss) /Profit attributable to ordinary equity holders of the Company	<u>(90)</u>	<u>(156)</u>	<u>874</u>	<u>(595)</u>

	3 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
Weighted average number of ordinary shares in issue	73,582,500	73,577,500	73,582,500	73,577,500

	3 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	Sen	Sen	Sen	Sen
Basic and diluted (loss)/ profit per share for (loss)/ profit for the period	<u>(0.12)</u>	<u>(0.21)</u>	<u>1.19</u>	<u>(0.81)</u>

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

NOTES (cont'd)

29. **Breakdown of accumulated losses of the Group as at the reporting date into realised and unrealised**

	As at 30.09.2011 RM'000	As at 31.12.2010 RM'000
Total accumulated losses		
- Realised	25,448	26,295
- Unrealised	-	-
	<u>25,448</u>	<u>26,295</u>
Total share of loss of an associate		
- Realised	14	14
- Unrealised	-	-
	<u>14</u>	<u>14</u>
Total losses before consolidation adjustments	25,462	26,309
Consolidation adjustments	1,621	1,648
Total Group accumulated losses as per consolidated accounts	<u>27,083</u>	<u>27,957</u>

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No. 1, Determination of Realised and unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

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 16 November 2011.