

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST QUARTER ENDED 31 MARCH 2014**

**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 2013. 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 2013.

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 2013 except for the adoption of the following with effect from 1 January 2014:

- Amendments to MFRS 10: Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 12: Disclosure of Interests in Other Entities: Investment Entities
- Amendments to MFRS 127: Consolidated and Separate Financial Statements: Investment Entities
- Amendment to MFRS 132: Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136: Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139: Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21: Levies

The initial application of the above is not expected to have any significant financial impact on the Group’s financial statements.

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)****INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014****NOTES (cont'd)****3. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

**4. Segmental information****Results for 3 months ended 31 March 2014**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Const- ruction RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Revenue</b>					
Total revenue including inter-segment sales	12,709	-	341	-	13,050
Less: Inter-segment sales	(160)	-	-	-	(160)
External revenue	<u>12,549</u>	<u>-</u>	<u>341</u>	<u>-</u>	<u>12,890</u>
<b>Segment Results</b>					
Results	459	(8)	(87)	-	364
Finance costs	(274)	-	-	-	(274)
Share of results of an associate					-
Profit before tax					<u>90</u>
Income tax income					-
Profit after tax					<u>90</u>
<b>Other information</b>					
Interest income	<u>14</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>15</u>

**Results for 3 months ended 31 March 2013**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Const- ruction RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Revenue</b>					
Total revenue including inter-segment sales	14,349	-	992	-	15,341
Less: Inter-segment sales	(449)	-	-	-	(449)
External revenue	<u>13,900</u>	<u>-</u>	<u>992</u>	<u>-</u>	<u>14,892</u>

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

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

##### **Results for 3 months ended 31 March 2013 (cont'd)**

	<b>Manu- facturing RM'000</b>	<b>Property trading RM'000</b>	<b>Const- ruction RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Results</b>					
Results	466	(6)	(38)	-	422
Finance costs	(257)	-	-	-	(257)
Share of results of an associate					-
Profit before tax					165
Income tax income					-
Profit after tax					165
<b>Other information</b>					
Interest income	28	-	5	-	33

#### **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 2014 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 2014.

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

During the quarter and financial period ended 31 March 2014, the Group acquired Property, Plant and Equipment ("PPE") with an aggregate cost of RM1,073,423 (1<sup>st</sup> Quarter 31 March 2013: RM125,700). There were no disposals of PPE by the Group for the quarter and financial period ended 31 March 2014 (1<sup>st</sup> Quarter 31 March 2013: Nil). There were no PPE written off and Impairment loss on PPE made during the quarter and financial period ended 31 March 2014 (1<sup>st</sup> Quarter 31 March 2013: Nil).

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

	3 months ended		3 months ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
<b>Income</b>				
Sale of construction materials to:				
- Zecon Construction (Sarawak) Sdn. Bhd.	1,006	-	1,006	-
- Zecon Dredging Sdn. Bhd.	22	308	22	308
- Oricon Sdn. Bhd.	-	101	-	101
- Zecon Engineering and Construction Sdn. Bhd.	234	-	234	-
<b>Expenditure</b>				
Insurance premium paid to Transnational Insurance Brokers (M) Sdn. Bhd.	8	79	8	79
Management fees paid to Santubong Suites Sdn. Bhd.	6	6	6	6
Rental paid to Reignvest Corporation Sdn. Bhd.	180	180	180	180

**11. Investment in an associate**

	As At 31.03.2014 RM'000	As At 31.12.2013 RM'000
Unquoted shares, at cost	3,000	3,000
Share of post-acquisitions reserves	(452)	(452)
	<u>2,548</u>	<u>2,548</u>

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest	
			As at 31.03.2014 %	As at 31.12.2013 %
<b>Held through SCIB Properties Sdn. Bhd. :</b>				
Influx Meridian Sdn. Bhd	Malaysia	Property development	40%	40%

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**NOTES (cont'd)**

**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 for the current quarter and financial period-to-date.

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

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

**14. Capital commitments**

	<b>As At 31.03.2014 RM'000</b>	<b>As At 31.12.2013 RM'000</b>
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	4,365	4,172
Approved but not contracted for	1,069	1,325
	<u>5,434</u>	<u>5,497</u>
	=====	=====

**15. Contingent liabilities – Unsecured**

	<b>As At 31.03.2014 RM'000</b>	<b>As At 31.12.2013 RM'000</b>
Corporate guarantee given to bank for credit facilities granted to a subsidiary	14,059	15,071
	=====	=====

**16. Subsequent event**

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

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**NOTES (cont'd)**

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

**17. Performance review**

The Group reported revenue of RM12.9 million in the first quarter of 2014, as compared to RM14.9 million in the corresponding quarter of 2013, representing a decrease of 13% or RM2 million. The Group's revenue continued to be driven by the manufacturing division which is made up 97% of the Group's Revenue. Low revenue was mainly due to weak performance in the first quarter of the year due to slow business activities during festive season and Chinese New Year Celebration. The Manufacturing division has shown 10% or RM1,351,000 decrease in revenue for the current quarter as compared to the corresponding quarter of previous year. Whereas, the construction division's revenue decreased by RM651,000 as compared to the same period last year mainly due to absence of new projects and less project revenue recognized from the existing projects which have neared completion. The Group registered a profit before tax of RM90,000 in this quarter under review as compared to profit before tax of RM165,000 recorded in the corresponding quarter last year. The slight drop in the profits is mainly due to decrease in sales volume for foundation piles and Industrialised building system components.

There was no contribution from the Properties division as the Group's associate in the property development industry, namely Influx Meridian Sdn. Bhd. has yet to commence its development works. The net assets of the Group as at 31 March 2014 stood at RM53 million which translates to RM0.72 net assets value per share.

**18. Variation of results against preceding quarter**

The Group registered a profit before tax of RM90,000 from a revenue of RM12.9 million for the current quarter as compared to a loss before tax of RM3,494,000 from a revenue of RM12.4 million in the preceding quarter. Despite registering an approximately same amount of revenue, the Group recorded a profit in the current quarter under review as compared to loss before tax in the preceding quarter. This was mainly due to extraordinary charge off of Impairment losses on Property Plant & Equipment ("PPE") of RM250,000, PPE written off of RM107,000 and Inventories written off of RM672,000 in the preceding quarter. Besides, the Group also share associate losses amounting to RM436,000 in the preceding quarter.

**19. Prospects for the remaining quarters**

The Malaysian economy is expected to experience a moderate growth rate in 2014 despite the uncertainties in the global economy. Going forward, the Group shall focus on managing its cost structure, aggressively promote our IBS products and to actively explore more projects from the private sectors to add to the existing order book of RM43 million as at 15<sup>th</sup> May 2014. The Board of directors expects better performance for the remaining quarters barring any future increase in costs.

**20. (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)**

**21. Income tax (income)/ expense**

	3 months ended		3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Current tax	-	-	-	-
Underprovision of tax in prior year	-	-	-	-
Deferred tax	-	-	-	-
Total income tax (income)/ expense	-	-	-	-

**22. Corporate Proposals**

There were no new or outstanding corporate proposals which have not been completed as at the date of this announcement.

**23. Borrowings**

	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
	<b>Short term borrowings</b>	
Secured	8,430	8,520
Unsecured	211	151
	<u>8,641</u>	<u>8,671</u>
<b>Long term borrowings</b>		
Secured	5,829	6,767
	<u>14,470</u>	<u>15,438</u>

All of the above borrowings are denominated in Ringgit Malaysia.

**24. Derivatives financial instruments**

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

**25. Dividend payable**

No interim ordinary dividend has been declared for the financial period ended 31 March 2014 (31 March 2013: Nil).

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**NOTES (cont'd)**

**26. Basic profit per share**

	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.03.2014</b>	<b>31.03.2013</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to ordinary equity holders of the Company	<u>90</u>	<u>165</u>	<u>90</u>	<u>165</u>
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2014</b>	<b>31.03.2013</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
Weighted average number of ordinary shares in issue	<u>73,582,500</u>	<u>73,582,500</u>	<u>73,582,500</u>	<u>73,582,500</u>
	<b>3 months ended</b>	<b>3 months ended</b>	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31.03.2014</b>	<b>31.03.2013</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Basic profit per share for profit for the period	<u>0.12</u>	<u>0.22</u>	<u>0.12</u>	<u>0.22</u>

There is no dilution in its profit 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.



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**NOTES (cont'd)**

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

	<b>As at 31.03.2014 RM'000</b>	<b>As at 31.12.2013 RM'000</b>
Total accumulated losses		
- Realised	23,853	24,014
- Unrealised	-	-
	<u>23,853</u>	<u>24,014</u>
	<b>As at 31.03.2014 RM'000</b>	<b>As at 31.12.2013 RM'000</b>
Total share of loss of an associate		
- Realised	452	452
- Unrealised	-	-
	<u>452</u>	<u>452</u>
Total losses before consolidation adjustments	24,305	24,466
Consolidation adjustments	1,297	1,226
Total Group accumulated losses as per consolidated accounts	<u>25,602</u>	<u>25,692</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.

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**NOTES (cont'd)**

**28. Additional disclosures on profit for the period**

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

	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.03.2014</b>	<b>31.03.2013</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amortisation of prepaid land lease payments	116	116	116	116
Bad debts written off, net off bad debts written back	-	(2)	-	(2)
Depreciation of property, plant and equipment	883	872	883	872
Interest expense	274	257	274	257
Interest income	(15)	(33)	(15)	(33)

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**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 26 May 2014.