

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE  
THIRD QUARTER ENDED 30 SEPTEMBER 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  
THIRD QUARTER ENDED 30 SEPTEMBER 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 30 September 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	18,223	-	322	-	18,545
Less: Inter-segment sales	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>
External revenue	<u>18,237</u>	<u>-</u>	<u>322</u>	<u>-</u>	<u>18,559</u>
<b>Segment Results</b>					
Results	1,469	(8)	(134)	(2)	1,325
Finance costs	(340)	-	-	-	(340)
Share of results of an associate					<u>(104)</u>
Profit before tax					881
Income tax income					<u>-</u>
Profit after tax					<u>881</u>
<b>Other information</b>					
Interest income	<u>31</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>32</u>

**Results for 3 months ended 30 September 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	13,319	-	1,340	-	14,659
Less: Inter-segment sales	<u>(219)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(219)</u>
External revenue	<u>13,100</u>	<u>-</u>	<u>1,340</u>	<u>-</u>	<u>14,440</u>

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD** (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE  
THIRD QUARTER ENDED 30 SEPTEMBER 2014**

## NOTES (cont'd)

## 4. Segmental information (cont'd)

## Results for 3 months ended 30 September 2013 (cont'd)

	Manu- facturing RM'000	Property trading RM'000	Const- ruction RM'000	Others RM'000	Consolidated RM'000
<b>Segment Results</b>					
Results	4	(8)	(69)	(2)	(75)
Finance costs	(241)	-	-	-	(241)
Share of results of an associate					-
Loss before tax					(316)
Income tax income					-
Loss after tax					(316)
<b>Other information</b>					
Interest income	10	-	1	-	11

## Results for 9 months ended 30 September 2014

	Manu- facturing RM'000	Property trading RM'000	Const- ruction RM'000	Others RM'000	Consolidated RM'000
<b>Segment Revenue</b>					
Total revenue including inter- segment sales	46,812	-	831	-	47,643
Less: Inter-segment sales	(191)	-	-	-	(191)
External revenue	46,621	-	831	-	47,452
<b>Segment Results</b>					
Results	2,947	(25)	(352)	(3)	2,567
Finance costs	(926)	-	-	-	(926)
Share of results of an associate					(307)
Profit before tax					1,334
Income tax expense					-
Profit after tax					1,334
<b>Other information</b>					
Interest income	73	-	2	-	75

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE  
THIRD QUARTER ENDED 30 SEPTEMBER 2014****NOTES (cont'd)****4. Segmental information (cont'd)****Results for 9 months ended 30 September 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 Revenue</b>					
Total revenue including inter-segment sales	42,265	-	3,830	-	46,095
Less: Inter-segment sales	(1,122)	-	-	-	(1,122)
External revenue	<u>41,143</u>	<u>-</u>	<u>3,830</u>	<u>-</u>	<u>44,973</u>
<b>Segment Results</b>					
Results	973	(25)	(148)	(3)	797
Finance costs	(733)	-	-	-	(733)
Share of results of an associate					-
Profit before tax					<u>64</u>
Income tax expense					-
Profit after tax					<u>64</u>
<b>Other information</b>					
Interest income	<u>53</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>60</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 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 30 September 2014.

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

During the quarter and financial period ended 30 September 2014, the Group acquired Property, Plant and Equipment ("PPE") with an aggregate cost of RM2,688,804 (30 September 2013: RM1,760,620) and 4,698,781 (30 September 2013: 2,129,538). There were no disposals of PPE by the Group for the quarter and financial period ended 30 September 2014 (30 September 2013: Nil).

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD** (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE  
THIRD QUARTER ENDED 30 SEPTEMBER 2014**

**NOTES (cont'd)**

**10. Related party disclosures**

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

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2014</b>	<b>30.09.2013</b>	<b>30.09.2014</b>	<b>30.09.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Income</b>				
Sale of construction materials to:				
-Zecon Construction (Sarawak) Sdn. Bhd.	605	-	2,055	-
-Zecon Dredging Sdn. Bhd.	2	-	37	410
-Oricon Sdn. Bhd.	11	-	11	101
-Petra Jaya Properties Sdn Bhd	-	2	-	2
-Zecon Engineering and Construction Sdn. Bhd.	1,975	-	3,472	-
<b>Expenditure</b>				
Insurance premium paid to Transnational Insurance Brokers (M) Sdn. Bhd.	105	78	164	179
Management fees paid to Santubong Suites Sdn. Bhd.	6	6	18	18
Rental paid to Reignvest Corporation Sdn. Bhd.	180	180	540	540

ii) Transactions with persons connected to certain director of the Company:

Sale of construction materials	-	27	-	29
--------------------------------	---	----	---	----

iii) Sarawak Consolidated Industries Berhad ("SCIB" or "the Company") wholly-owned subsidiary, SCIB Concrete Manufacturing Sdn Bhd ("SCM") had on 29 April 2014 entered into a Sales and Purchase Agreement ("the Agreement") with a related party, Zecon Land Sdn. Bhd. ("Zecon Land") to purchase all the one (1) unit of the Four (4) Storey Shophouses described as Sublot 13 measuring approximately 564.0 square metres, more or less, in area (hereinafter referred to as "the Shophouse") in Vista Tunku (Phase One) together with the land on which the Shophouse is to be built for a purchase price of Ringgit Malaysia One Million Six Hundred Thousand (RM1,600,000.00) only at a discount of 6% of the listed price to be satisfied by way of offsetting and settlement of outstanding amounts due and owing by Zecon Berhad and its subsidiaries ("Zecon Group") to SCM.

**11. Investment in an associate**

	<b>As At 30.09.2014 RM'000</b>	<b>As At 31.12.2013 RM'000</b>
Unquoted shares, at cost	3,000	3,000
Share of post-acquisitions reserves	(759)	(452)
	<u>2,241</u>	<u>2,548</u>

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE  
THIRD QUARTER ENDED 30 SEPTEMBER 2014****NOTES (cont'd)****11. Investment in associate (cont'd)**

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest	
			As at 30.09.2014 %	As at 31.12.2013 %
<b>Held through SCIB Properties Sdn. Bhd. :</b>				
Influx Meridian Sdn. Bhd	Malaysia	Property development	40%	40%

**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**

	As At 30.09.2014 RM'000	As At 31.12.2013 RM'000
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	383	4,172
Approved but not contracted for	891	1,325
	<u>1,274</u>	<u>5,497</u>
	=====	=====

**15. Contingent liabilities – Unsecured**

	As At 30.09.2014 RM'000	As At 31.12.2013 RM'000
Corporate guarantee given to bank for credit facilities granted to a subsidiary	17,665	15,071
	<u>17,665</u>	<u>15,071</u>
	=====	=====

**16. 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 2014**

**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's revenue has increased from RM14.4 million reported in the third quarter of 2013 to RM18.6 million in the third quarter of 2014. Higher Group revenue was mainly attributed by its Manufacturing division from the sale of foundation piles. However, the effect of increase was mitigated by the decrease from the Construction division arising from the absence of new projects and less project revenue recognized from the existing projects which have neared completion. On the back of higher revenue, the Group reported a higher profit before tax of RM881,000 as compared to loss before tax of RM316,000 posted in the corresponding quarter last year.

On a year-to-date basis, the Group reported revenue of RM47.5 million in the nine months period of 2014, as compared to RM45 million for the same period last year. The manufacturing division being the key driver and largest contributor to the Group's revenue, reported a 13% growth in revenue from about RM41.1 million last year to RM46.6 million this year. The Construction division revenue declined by 79% to RM0.8 million for the nine months period ended September 2014 as compared to RM3.8 million for the corresponding period last year. 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 Group achieved a higher profit before tax of RM1,334,000 as compared to profit before tax of RM64,000 in the corresponding period last year. The improvement in the profit before tax is mainly due to the growth in revenue and the recognition of other income arising from the waiver of land premium. The net assets of the Group as at 30 September 2014 stood at RM54.3 million which translates to RM0.74 net assets value per share.

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

The Group registered a profit before tax of RM881,000 from a revenue of RM18.6 million for the current quarter as compared to a profit before tax of RM362,000 from a revenue of RM16 million in the preceding quarter. Higher profit before tax as compared to the preceding quarter is mainly due to higher revenue in the third quarter driven by the sales of foundation piles.

**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 RM25 million as at 30 September 2014. The Board of directors expects better performance for the remaining quarter barring any future increase in costs.

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD** (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE  
THIRD QUARTER ENDED 30 SEPTEMBER 2014**

**NOTES (cont'd)**

**20. (a) Variance of actual profit from forecast profit**

Not applicable

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

Not applicable

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

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2014</b>	<b>30.09.2013</b>	<b>30.09.2014</b>	<b>30.09.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax	-	-	-	-
Underprovision of tax in prior year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax	-	-	-	-
Total income tax (income)/ expense	<hr/>	<hr/>	<hr/>	<hr/>

**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**

	<b>As at</b>	<b>As at</b>
	<b>30.09.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short term borrowings</b>		
Secured	6,845	8,520
Unsecured	57	151
	<hr/>	<hr/>
	6,902	8,671
<b>Long term borrowings</b>		
Secured	10,996	6,767
	<hr/>	<hr/>
	17,898	15,438

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.

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD** (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE  
THIRD QUARTER ENDED 30 SEPTEMBER 2014**

**NOTES (cont'd)**

**25. Dividend payable**

No interim ordinary dividend has been declared for the financial period ended 30 September 2014 (30 September 2013: Nil).

**26. Basic profit/(loss) per share**

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2014</b>	<b>30.09.2013</b>	<b>30.09.2014</b>	<b>30.09.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/ (loss) attributable to ordinary equity holders of the Company	<u>881</u>	<u>(316)</u>	<u>1,334</u>	<u>64</u>
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>30.09.2014</b>	<b>30.09.2013</b>	<b>30.09.2014</b>	<b>30.09.2013</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>9 months ended</b>	<b>9 months ended</b>
	<b>30.09.2014</b>	<b>30.09.2013</b>	<b>30.09.2014</b>	<b>30.09.2013</b>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Basic profit/ (loss) per share for profit/ (loss) for the period	<u>1.20</u>	<u>(0.43)</u>	<u>1.81</u>	<u>0.09</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.

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD** (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE  
THIRD QUARTER ENDED 30 SEPTEMBER 2014**

**NOTES (cont'd)**

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

	<b>As at 30.09.2014 RM'000</b>	<b>As at 31.12.2013 RM'000</b>
Total accumulated losses		
- Realised	22,162	24,014
- Unrealised	-	-
	<u>22,162</u>	<u>24,014</u>
	<b>As at 30.09.2014 RM'000</b>	<b>As at 31.12.2013 RM'000</b>
Total share of loss of an associate		
- Realised	759	452
- Unrealised	-	-
	<u>759</u>	<u>452</u>
Total losses before consolidation adjustments	22,921	24,466
Consolidation adjustments	1,437	1,226
Total Group accumulated losses as per consolidated accounts	<u>24,358</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.

**SARAWAK CONSOLIDATED INDUSTRIES BERHAD** (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE  
THIRD QUARTER ENDED 30 SEPTEMBER 2014**

**NOTES (cont'd)**

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

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

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2014</b>	<b>30.09.2013</b>	<b>30.09.2014</b>	<b>30.09.2013</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	348	347
Bad debts written off, net off bad debts written back	-	45	-	43
Depreciation of property, plant and Equipment ("PPE")	920	866	2,683	2,608
PPE written off	-	-	1	162
Share of associate loss	104	-	307	-
Interest expense	340	241	926	733
Interest income	(32)	(11)	(75)	(60)
Waiver of land premium	-	-	(515)	-

---

**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 25 November 2014.