

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH QUARTER ENDED 31 DECEMBER 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 FOURTH QUARTER ENDED 31 DECEMBER 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 December 2014**

	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	16,540	-	698	-	17,238
Less: Inter-segment sales	(21)	-	-	-	(21)
External revenue	<u>16,519</u>	<u>-</u>	<u>698</u>	<u>-</u>	<u>17,217</u>
Segment Results					
Results	(4,346)	(14)	530	(4)	(3,834)
Finance costs	(329)	-	-	-	(329)
Share of results of an associate					<u>(104)</u>
Loss before tax					(4,267)
Income tax income					<u>-</u>
Loss after tax					<u>(4,267)</u>
Other information					
Interest income	<u>44</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44</u>

Results for 3 months ended 31 December 2013

	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	11,905	-	672	-	12,577
Less: Inter-segment sales	(185)	-	-	-	(185)
External revenue	<u>11,720</u>	<u>-</u>	<u>672</u>	<u>-</u>	<u>12,392</u>

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

NOTES (cont'd)

4. Segmental information (cont'd)

Results for 3 months ended 31 December 2013 (cont'd)

	Manu- facturing RM'000	Property trading RM'000	Const- ruction RM'000	Others RM'000	Consolidated RM'000
Segment Results					
Results	(1,382)	(173)	(1,210)	(2)	(2,767)
Finance costs	(291)	-	-	-	(291)
Share of results of an associate					(436)
Loss before tax					(3,494)
Income tax income					610
Loss after tax					(2,884)
Other information					
Interest income	16	-	1	-	17

Results for 12 months ended 31 December 2014

	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	63,352	-	1,529	-	64,881
Less: Inter-segment sales	(212)	-	-	-	(212)
External revenue	63,140	-	1,529	-	64,669
Segment Results					
Results	(1,399)	(40)	178	(7)	(1,268)
Finance costs	(1,254)	-	-	-	(1,254)
Share of results of an associate					(411)
Loss before tax					(2,933)
Income tax expense					-
Loss after tax					(2,933)
Other information					
Interest income	117	-	2	-	119

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH QUARTER ENDED 31 DECEMBER 2014**

NOTES (cont'd)

4. Segmental information (cont'd)

Results for 12 months ended 31 December 2013

	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	54,170	-	4,503	-	58,673
Less: Inter-segment sales	(1,307)	-	-	-	(1,307)
External revenue	<u>52,863</u>	<u>-</u>	<u>4,503</u>	<u>-</u>	<u>57,366</u>
Segment Results					
Results	(409)	(198)	(1,358)	(5)	(1,970)
Finance costs	(1,024)	-	-	-	(1,024)
Share of results of an associate					<u>(436)</u>
Loss before tax					<u>(3,430)</u>
Income tax expense					<u>610</u>
Loss after tax					<u>(2,820)</u>
Other information					
Interest income	<u>70</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>77</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 year ended 31 December 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 year ended 31 December 2014.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

NOTES (cont'd)

9. Acquisitions and disposals of property, plant and equipment

During the quarter and financial year ended 31 December 2014, the Group acquired Property, Plant and Equipment ("PPE") with an aggregate cost of RM234,522 (4th Quarter 31 December 2013: RM1,437,183) and RM4,933,303 (Year ended 31 December 2013: RM3,566,721). There were no disposals of PPE by the Group for the quarter and financial year ended 31 December 2014 (31 December 2013: Nil). PPE written off and Impairment loss on PPE made during the quarter and financial year ended 31 December 2014 were RM286 (4th Quarter 31 December 2013: RM357,238) and RM 932 (Year ended 31 December 2013: RM518,972) respectively.

10. Related party disclosures

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

	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Income				
Sale of construction materials to:				
-Zecon Construction (Sarawak) Sdn. Bhd.	461	1,177	2,516	1,177
-Zecon Dredging Sdn. Bhd.	-	14	37	424
-Oricon Sdn. Bhd.	-	28	11	129
-Petra Jaya Properties Sdn Bhd	105	-	105	2
-Zecon Engineering and Construction Sdn. Bhd.	484	-	3,957	-
Expenditure				
Insurance premium paid to Transnational Insurance Brokers (M) Sdn. Bhd.	146	91	310	270
Management fees paid to Santubong Suites Sdn. Bhd.	6	6	24	24
Rental paid to Reignvest Corporation Sdn. Bhd.	180	180	720	720

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

Sale of construction materials	-	6	-	35
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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.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH QUARTER ENDED 31 DECEMBER 2014**

NOTES (cont'd)

11. Investment in an associate

	As At 31.12.2014 RM'000	As At 31.12.2013 RM'000
Unquoted shares, at cost	3,000	3,000
Share of post-acquisitions reserves	(863)	(452)
	<u>2,137</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 31.12.2014 %	As at 31.12.2013 %
Held through SCIB Properties Sdn. Bhd. :				
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 31.12.2014 RM'000	As At 31.12.2013 RM'000
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	44	4,172
Approved but not contracted for	1,903	1,325
	<u>1,947</u>	<u>5,497</u>

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH QUARTER ENDED 31 DECEMBER 2014**

NOTES (cont'd)

15. Contingent liabilities – Unsecured

	As At 31.12.2014 RM'000	As At 31.12.2013 RM'000
Corporate guarantee given to bank for credit facilities granted to a subsidiary	16,346 =====	15,071 =====

16. 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**

17. Performance review

The Group's revenue has increased by RM4.8 million from RM12.4 million reported in the last quarter of 2013 to RM17.2 million in the last quarter of 2014. Higher Group revenue was mainly attributed by its Manufacturing division from the sale of foundation piles and Industrialised Building System components. On the back of higher revenue, the Group reported a higher gross profit of RM4.3 million in the current quarter as compared to gross profit of RM575,000 posted in the corresponding quarter last year. However, the Group registered a loss before tax of RM4.27 million in this quarter under review as compared to a loss before tax of RM3.49 million in the corresponding quarter. Losses during the current quarter was mainly attributable to charge out of impairment losses on Trade receivables amounting to RM4.49 million and Inventories written off amounting to RM663,000. Besides, during the quarter under review, the Group recognize associate losses of RM104,000.

On a year-to-date basis, the Group reported revenue of RM64.7 million in 2014, as compared to RM57.4 million last year. The manufacturing division being the key driver and largest contributor to the Group's revenue, reported a 19% growth in revenue from about RM52.9 million last year to RM63.1 million this year. The Construction division revenue declined by 66% to RM1.5 million this year as compared to RM4.5 million last year due to the absence of new projects and less project revenue recognized from the existing projects which have neared completion. 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 launch the project. The Group reported a lower loss before tax of RM2.93 million as compared to loss before tax of RM3.43 million last year. The improvement in financial result is mainly due to the growth in revenue and the recognition of other income arising from the waiver of land premium. However, the results was also greatly affected by the recognition of Impairment losses on Trade receivables of RM4.49 million and Inventories written off of RM663,000. During the year, the Group also share associate losses amounting to RM411,000 as the associate company in the property development industry, has yet to actively develop certain phases of the project. The net assets of the Group as at 31 December 2014 stood at RM50.05 million which translates to RM0.68 net assets value per share.

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH QUARTER ENDED 31 DECEMBER 2014**

NOTES (cont'd)

18. Variation of results against preceding quarter

The Group registered a loss before tax of RM4,267,000 from a revenue of RM17.2 million for the current quarter as compared to a profit before tax of RM881,000 from a revenue of RM18.6 million in the preceding quarter. On the back of lower revenue, the Group recorded a loss before tax as compared to profit before tax of RM881,000 in the preceding quarter mainly due to extraordinary charge off of Impairment losses on Trade receivables of RM4.49 million and Inventories written off of RM663,000.

19. Prospects for the remaining quarters

The Malaysian economy is expected to experience a moderate growth rate in 2015 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 RM44 million as at 25th February 2015. The Board of directors expects better performance for the next financial year 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

21. Income tax (income)/ expense

	3 months ended		12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Current tax	-	-	-	-
Underprovision of tax in prior year	-	-	-	-
Deferred tax	-	(610)	-	(610)
Total income tax (income)/ expense	-	(610)	-	(610)

22. Corporate Proposals

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

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH QUARTER ENDED 31 DECEMBER 2014**

NOTES (cont'd)

23. Borrowings

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Short term borrowings		
Secured	6,282	8,520
Unsecured	<u>123</u>	<u>151</u>
	<u>6,405</u>	<u>8,671</u>
Long term borrowings		
Secured	<u>10,233</u>	<u>6,767</u>
	<u>16,638</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 year ended 31 December 2014 (31 December 2013: Nil).

26. Basic loss per share

	3 months ended		12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Loss attributable to ordinary equity holders of the Company	<u>(4,267)</u>	<u>(2,884)</u>	<u>(2,933)</u>	<u>(2,820)</u>

	As at		As at	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
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>

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE
FOURTH QUARTER ENDED 31 DECEMBER 2014**

NOTES (cont'd)

26. Basic loss per share (cont'd)

	3 months ended		12 months ended	
	31.12.2014 Sen	31.12.2013 Sen	31.12.2014 Sen	31.12.2013 Sen
Basic loss per share for loss for the period	<u>(5.80)</u>	<u>(3.92)</u>	<u>(3.99)</u>	<u>(3.83)</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.

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

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Total accumulated losses		
- Realised	26,275	24,014
- Unrealised	<u>-</u>	<u>-</u>
	<u>26,275</u>	<u>24,014</u>
	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Total share of loss of an associate		
- Realised	863	452
- Unrealised	<u>-</u>	<u>-</u>
	<u>863</u>	<u>452</u>
Total losses before consolidation adjustments	27,138	24,466
Consolidation adjustments	<u>1,487</u>	<u>1,226</u>
Total Group accumulated losses as per consolidated accounts	<u>28,625</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
FOURTH QUARTER ENDED 31 DECEMBER 2014**

NOTES (cont'd)

28. Additional disclosures on loss for the period

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

	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Amortisation of prepaid land lease payments	116	116	464	463
Bad debts written off, net off bad debts written back	-	(8)	-	35
Depreciation of property, plant and Equipment ("PPE")	987	889	3,670	3,497
PPE written off	-	107	1	269
Impairment / (reversal) of loss on trade receivables	4,491	108	4,491	108
Impairment losses on PPE	-	250	-	250
Inventories written off	663	672	663	672
Share of associate loss	104	436	411	436
Interest expense	329	291	1,254	1,024
Interest income	(44)	(17)	(119)	(77)
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 27 February 2015.