

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2015**

**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 2014. 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 2014.

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 2014 except for the adoption of the following Amendments and Annual Improvements to Standards with effect from 1 January 2015:

Amendments to MFRS 119 Employee Benefits - Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010 - 2012 Cycle
Annual Improvements to MFRSs 2011 - 2013 Cycle

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

3. Auditors’ report on preceding annual financial statements

The auditors’ report on the financial statements for the year ended 31 December 2014 was not qualified.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015****NOTES (cont'd)****4. Segmental information****Results for 3 months ended 31 March 2015**

| | 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 | 17,733 | - | - | - | 17,733 |
| Less: Inter-segment sales | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| External revenue | <u>17,733</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,733</u> |
| Segment Results | | | | | |
| Results | 1,905 | (25) | (145) | - | 1,735 |
| Finance costs | (333) | - | - | - | (333) |
| Share of results of an associate | | | | | <u>(97)</u> |
| Profit before tax | | | | | 1,305 |
| Income tax income | | | | | <u>-</u> |
| Profit after tax | | | | | <u>1,305</u> |
| Other information | | | | | |
| Interest income | <u>14</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>14</u> |

Results for 3 months ended 31 March 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 | 12,709 | - | 341 | - | 13,050 |
| Less: Inter-segment sales | <u>(160)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(160)</u> |
| External revenue | <u>12,549</u> | <u>-</u> | <u>341</u> | <u>-</u> | <u>12,890</u> |

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NOTES (cont'd)

4. Segmental information (cont'd)

Results for 3 months ended 31 March 2014 (cont'd)

| | Manu- facturing RM'000 | Property trading RM'000 | Const- ruction RM'000 | Others RM'000 | Consolidated RM'000 |
|-------------------------------------|---------------------------------------|--|--------------------------------------|--------------------------|--------------------------------|
| Segment Results | | | | | |
| Results | 459 | (8) | (87) | - | 364 |
| Finance costs | (274) | - | - | - | (274) |
| Share of results of an associate | | | | | - |
| Profit before tax | | | | | 90 |
| Income tax income | | | | | - |
| Profit after tax | | | | | 90 |
| Other information | | | | | |
| Interest income | 14 | - | 1 | - | 15 |

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 2015 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 2015.

9. Acquisitions and disposals of property, plant and equipment

During the quarter ended 31 March 2015, the Group acquired Property, Plant and Equipment ("PPE") with an aggregate cost of RM261,115 (1st Quarter 31 March 2014: RM1,073,423). Net Book Value of PPE disposed by the Group for the quarter ended 31 March 2015 was RM1 (1st Quarter 31 March 2014: Nil). There were no PPE written off and Impairment loss on PPE made during the quarter ended 31 March 2015 (1st Quarter 31 March 2014: Nil).

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NOTES (cont'd)

10. Related party disclosures

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

| | 3 months ended | | 3 months ended | |
|---|----------------|------------|----------------|------------|
| | 31.03.2015 | 31.03.2014 | 31.03.2015 | 31.03.2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income | | | | |
| Sale of construction materials to: | | | | |
| - Zecon Construction (Sarawak) Sdn. Bhd. | 163 | 1,006 | 163 | 1,006 |
| - Zecon Dredging Sdn. Bhd. | 78 | 22 | 78 | 22 |
| - Zecon Engineering and Construction Sdn. Bhd. | 220 | 234 | 220 | 234 |
| Expenditure | | | | |
| Insurance premium paid to Transnational Insurance Brokers (M) Sdn. Bhd. | | | | |
| | 29 | 8 | 29 | 8 |
| Management fees paid to Santubong Suites Sdn. Bhd. | | | | |
| | 9 | 6 | 9 | 6 |
| Rental paid to Reignvest Corporation Sdn. Bhd. | | | | |
| | 180 | 180 | 180 | 180 |

11. Investment in an associate

| | As At 31.03.2015 RM'000 | As At 31.12.2014 RM'000 |
|-------------------------------------|-------------------------------|-------------------------------|
| Unquoted shares, at cost | 3,000 | 3,000 |
| Share of post-acquisitions reserves | (960) | (863) |
| | 2,040 | 2,137 |
| | 2,040 | 2,137 |

Details of the associate are as follows:

| Name of associate | Country of incorporation | Principal activities | Proportion of ownership interest | |
|---|--------------------------|----------------------|----------------------------------|--------------------------|
| | | | As at 31.03.2015 % | As at 31.12.2014 % |
| Held through SCIB Properties Sdn. Bhd. : | | | | |
| Influx Meridian Sdn. Bhd | Malaysia | Property development | 40% | 40% |

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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 31.03.2015 RM'000 | As At 31.12.2014 RM'000 |
|--|--|--|
| Capital expenditure not provided for in the financial statements: | | |
| Authorised and contracted for | 549 | - |
| Approved but not contracted for | 1,190 | 1,903 |
| | <u>1,739</u> | <u>1,903</u> |
| | ===== | ===== |

15. Contingent liabilities – Unsecured

| | As At 31.03.2015 RM'000 | As At 31.12.2014 RM'000 |
|--|--|--|
| Corporate guarantee given to bank for credit facilities granted to a subsidiary | 17,279 | 16,346 |
| | <u>17,279</u> | <u>16,346</u> |
| | ===== | ===== |

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 RM17.7 million in the first quarter of 2015, as compared to RM12.9 million in the corresponding quarter of 2014, representing an increase 37% or RM4.8 million. During the current quarter under review, the Group's revenue was mainly contributed by the manufacturing division. The Group registered a profit before tax of RM1,305,000 in this quarter under review as compared to profit before tax of RM90,000 recorded in the corresponding quarter last year. The significant increase in the profits is mainly due to higher sales of foundation piles and Industrialised building system components.

There was no contribution from the Construction division and Properties division. The Group's associate company in the property development industry, namely Influx Meridian Sdn. Bhd. expects to launch its projects by year 2016. The net assets of the Group as at 31 March 2015 stood at RM51.3 million which translates to RM0.70 net assets value per share.

18. Variation of results against preceding quarter

The Group registered a profit before tax of RM1,305,000 from a revenue of RM17.7 million for the current quarter as compared to a loss before tax of RM4,267,000 from a revenue of RM17.2 million in the preceding quarter. The variance was mainly due to extraordinary charge off of impairment losses on Trade receivables amounting to RM4.49 million and Inventories written off amounting to RM663,000 in the preceding quarter.

19. Prospects for the remaining quarters

The Malaysian economy is reported to achieve moderate growth in 2015. The Group remains focused on managing its cost structure, promote its IBS products and secure projects from the private and government sectors. 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 | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31.03.2015 RM'000 | 31.03.2014 RM'000 | 31.03.2015 RM'000 | 31.03.2014 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 | As at |
|------------------------------|----------------------|----------------------|
| | 31.03.2015 RM'000 | 31.12.2014 RM'000 |
| Short term borrowings | | |
| Secured | 7,904 | 6,282 |
| Unsecured | 313 | 123 |
| | <u>8,217</u> | <u>6,405</u> |
| Long term borrowings | | |
| Secured | 9,537 | 10,233 |
| | <u>17,754</u> | <u>16,638</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 2015 (31 March 2014: Nil).

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NOTES (cont'd)

26. **Basic profit per share**

| | 3 months ended | | 3 months ended | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31.03.2015 | 31.03.2014 | 31.03.2015 | 31.03.2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit attributable to ordinary equity holders of the Company | <u>1,305</u> | <u>90</u> | <u>1,305</u> | <u>90</u> |
| | | | | |
| | | As at | | As at |
| | 31.03.2015 | 31.03.2014 | 31.03.2015 | 31.03.2014 |
| 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> |
| | | | | |
| | | 3 months ended | | 3 months ended |
| | 31.03.2015 | 31.03.2014 | 31.03.2015 | 31.03.2014 |
| | Sen | Sen | Sen | Sen |
| Basic profit per share for profit for the period | <u>1.77</u> | <u>0.12</u> | <u>1.77</u> | <u>0.12</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

| | As at 31.03.2015 RM'000 | As at 31.12.2014 RM'000 |
|---|--|--|
| Total accumulated losses | | |
| - Realised | 24,893 | 26,281 |
| - Unrealised | - | - |
| | <u>24,893</u> | <u>26,281</u> |
| | | |
| | As at 31.03.2015 RM'000 | As at 31.12.2014 RM'000 |
| Total share of loss of an associate | | |
| - Realised | 960 | 863 |
| - Unrealised | - | - |
| | <u>960</u> | <u>863</u> |
| | | |
| Total losses before consolidation adjustments | 25,853 | 27,144 |
| Consolidation adjustments | 1,473 | 1,487 |
| Total Group accumulated losses as per consolidated accounts | <u>27,326</u> | <u>28,631</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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28. Additional disclosures on profit for the period

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

| | 3 months ended | | 3 months ended | |
|--|-----------------------|-------------------|-----------------------|-------------------|
| | 31.03.2015 | 31.03.2014 | 31.03.2015 | 31.03.2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Depreciation of property, plant and Equipment | 1,099 | 999 | 1,099 | 999 |
| Inventories written back | (4) | - | (4) | - |
| Interest expense | 333 | 274 | 333 | 274 |
| Interest income | (14) | (15) | (14) | (15) |

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 May 2015.