

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND QUARTER ENDED 30 JUNE 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 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 SECOND QUARTER ENDED 30 JUNE 2015**

NOTES (cont'd)

4. Segmental information

Results for 3 months ended 30 June 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	17,962	-	105	-	18,067
Less: Inter-segment sales	-	-	-	-	-
External revenue	<u>17,962</u>	<u>-</u>	<u>105</u>	<u>-</u>	<u>18,067</u>
Segment Results					
Results	1,444	(10)	(159)	-	1,275
Finance costs	(335)	-	-	-	(335)
Share of results of an associate					(96)
Profit before tax					844
Income tax income					-
Profit after tax					<u>844</u>
Other information					
Interest income	<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13</u>

Results for 3 months ended 30 June 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	15,880	-	168	-	16,048
Less: Inter-segment sales	(45)	-	-	-	(45)
External revenue	<u>15,835</u>	<u>-</u>	<u>168</u>	<u>-</u>	<u>16,003</u>

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015****NOTES (cont'd)****4. Segmental information (cont'd)****Results for 3 months ended 30 June 2014 (cont'd)**

	Manu- facturing RM'000	Property trading RM'000	Const- ruction RM'000	Others RM'000	Consolidated RM'000
Segment Results					
Results	1,019	(9)	(131)	(1)	878
Finance costs	(312)	-	-	-	(312)
Share of results of an associate					(204)
Profit before tax					362
Income tax income					-
Profit after tax					362
Other information					
Interest income	28	-	-	-	28

Results for 6 months ended 30 June 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	35,695	-	105	-	35,800
Less: Inter-segment sales	-	-	-	-	-
External revenue	35,695	-	105	-	35,800
Segment Results					
Results	3,349	(35)	(304)	-	3,010
Finance costs	(668)	-	-	-	(668)
Share of results of an associate					(193)
Profit before tax					2,149
Income tax expense					-
Profit after tax					2,149
Other information					
Interest income	27	-	-	-	27

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015****NOTES (cont'd)****4. Segmental information (cont'd)****Results for 6 months ended 30 June 2014 (cont'd)**

	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	28,589	-	509	-	29,098
Less: Inter-segment sales	(205)	-	-	-	(205)
External revenue	<u>28,384</u>	<u>-</u>	<u>509</u>	<u>-</u>	<u>28,893</u>
Segment Results					
Results	1,478	(17)	(218)	(1)	1,242
Finance costs	(586)	-	-	-	(586)
Share of results of an associate					(204)
Profit before tax					452
Income tax expense					-
Profit after tax					<u>452</u>
Other information					
Interest income	<u>42</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>43</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 June 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 30 June 2015.

9. Acquisitions and disposals of property, plant and equipment

During the quarter and financial period ended 30 June 2015, the Group acquired Property, Plant and Equipment ("PPE") with an aggregate cost of RM627,174 (2nd Quarter 30 June 2014: RM936,554) and 888,289 (30 June 2014: RM2,009,977). Net Book Value of PPE disposed by the Group for the quarter ended 30 June 2015 was RM1 (2nd Quarter 30 June 2014: Nil).

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND QUARTER ENDED 30 JUNE 2015**

NOTES (cont'd)

10. Related party disclosures

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

	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Income				
Sale of construction materials to:				
-Zecon Construction (Sarawak) Sdn. Bhd.	563	444	726	1,450
-Zecon Dredging Sdn. Bhd.	82	13	160	35
-Zecon Engineering and Construction Sdn. Bhd.	-	1,263	220	1,497
Expenditure				
Insurance premium paid to Transnational Insurance Brokers (M) Sdn. Bhd.	15	51	44	59
Management fees paid to Santubong Suites Sdn. Bhd.	8	6	17	12
Rental paid to Reignvest Corporation Sdn. Bhd.	180	180	360	360

11. Investment in an associate

	As At 30.06.2015 RM'000	As At 31.12.2014 RM'000
Unquoted shares, at cost	3,000	3,000
Share of post-acquisitions reserves	(1,056)	(863)
	<u>1,944</u>	<u>2,137</u>

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND QUARTER ENDED 30 JUNE 2015**

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 30.06.2015 %	As at 31.12.2014 %
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 30.06.2015 RM'000	As At 31.12.2014 RM'000
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	1	-
Approved but not contracted for	1,190	1,903
	<u>1,191</u>	<u>1,903</u>
	=====	=====

15. Contingent liabilities – Unsecured

	As At 30.06.2015 RM'000	As At 31.12.2014 RM'000
Corporate guarantee given to bank for credit facilities granted to a subsidiary	16,736	16,346
	<u>16,736</u>	<u>16,346</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
SECOND QUARTER ENDED 30 JUNE 2015**

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 by 13% from RM16 million reported in the second quarter of 2014 to RM18 million in the second quarter of 2015. Higher revenue was mainly attributed by its Manufacturing division from the sale of foundation piles and IBS products. However, the effect of increase was slightly mitigated by the decrease from the Construction division arising from the absence of new projects. The Group reported a higher profit before tax of RM859,000 as compared to profit before tax of RM362,000 posted in the corresponding quarter last year, primarily due to increase in sales.

On a year-to-date basis, the Group reported revenue of RM35.8 million in the first half of 2015, as compared to RM28.9 million in the first half of last year. The manufacturing division being the key driver and largest contributor to the Group's revenue, reported revenue of about RM35.7 million and RM28.4 million for the 6 months period ended 30 June 2015 and 30 June 2014 respectively. On the back of higher revenue, the Group achieved a higher profit before tax of RM2.164 million as compared to RM452,000 reported in the same period last year.

18. Variation of results against preceding quarter

The Group registered a profit before tax of RM859,000 from a revenue of RM18 million for the current quarter as compared to a profit before tax of RM1,305,000 from a revenue of RM17.7 million in the preceding quarter. Lower profit before tax as compared to the preceding quarter is mainly due to higher operating, administrative and logistic costs in the second quarter.

19. Prospects for the remaining quarters

The Malaysian economy is reported to achieve moderate growth in 2015. However, the Board of Directors expects challenging times for the remaining quarters. The Group remains focused on managing its cost structure, promote its IBS products and secure projects from the private and government sectors.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND QUARTER ENDED 30 JUNE 2015**

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

	3 months ended		6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
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

	As at	As at
	30.06.2015 RM'000	31.12.2014 RM'000
Short term borrowings		
Secured	8,034	6,282
Unsecured	222	123
	<hr/>	<hr/>
	8,256	6,405
Long term borrowings		
Secured	8,857	10,233
	<hr/>	<hr/>
	17,113	16,638

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
SECOND QUARTER ENDED 30 JUNE 2015**

NOTES (cont'd)

25. Dividend payable

No interim ordinary dividend has been declared for the financial period ended 30 June 2015 (30 June 2014: Nil).

26. Basic profit per share

	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the Company	844	362	2,149	452
	<u>844</u>	<u>362</u>	<u>2,149</u>	<u>452</u>
	As at		As at	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Weighted average number of ordinary shares in issue	73,582,500	73,582,500	73,582,500	73,582,500
	<u>73,582,500</u>	<u>73,582,500</u>	<u>73,582,500</u>	<u>73,582,500</u>
	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	Sen	Sen	Sen	Sen
Basic profit per share for profit for the period	1.15	0.49	2.92	0.61
	<u>1.15</u>	<u>0.49</u>	<u>2.92</u>	<u>0.61</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
SECOND QUARTER ENDED 30 JUNE 2015**

NOTES (cont'd)

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

	As at 30.06.2015 RM'000	As at 31.12.2014 RM'000
Total accumulated losses		
- Realised	23,917	26,281
- Unrealised	-	-
	<u>23,917</u>	<u>26,281</u>
	As at 30.06.2015 RM'000	As at 31.12.2014 RM'000
Total share of loss of an associate		
- Realised	1,056	863
- Unrealised	-	-
	<u>1,056</u>	<u>863</u>
Total losses before consolidation adjustments	24,973	27,144
Consolidation adjustments	1,509	1,487
Total Group accumulated losses as per consolidated accounts	<u>26,482</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.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE
SECOND QUARTER ENDED 30 JUNE 2015**

NOTES (cont'd)

28. Additional disclosures on profit for the period

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

	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and Equipment ("PPE")	1,120	996	2,219	1,995
PPE written off	-	1	-	1
Share of associate loss	96	204	193	204
Interest expense	335	312	668	586
Interest income	(13)	(28)	(27)	(43)
Inventories written back	-	-	(4)	-
Impairment loss on Trade receivables	15	-	15	-
Waiver of land premium	-	(515)	-	(515)
Gain on disposal of property, plant and Equipment ("PPE")	-	-	(13)	-

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 August 2015.