

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016****Unaudited Condensed Consolidated Statement of Comprehensive Income**

		3 months ended 31 March 2016	3 months ended 31 March 2015	3 months ended 31 March 2016	3 months ended 31 March 2015
	Note	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Continuing Operations					
Revenue	4	11,863	17,733	11,863	17,733
Cost of sales		(10,048)	(13,384)	(10,048)	(13,384)
Gross profit		1,815	4,349	1,815	4,349
Other income/(expense)		6	(6)	6	(6)
Administrative expenses		(1,102)	(1,057)	(1,102)	(1,057)
Selling and marketing expenses		(865)	(1,551)	(865)	(1,551)
Operating (loss)/profit		(146)	1,735	(146)	1,735
Finance costs		(346)	(333)	(346)	(333)
Share of loss of an associate	11	(89)	(97)	(89)	(97)
(Loss)/profit before tax		(581)	1,305	(581)	1,305
Income tax expense	21	-	-	-	-
(Loss)/profit for the period attributable to equity holders of the Company		(581)	1,305	(581)	1,305
Other comprehensive income, net of tax		-	-	-	-
total comprehensive (loss)/profit for the period attributable to equity holders of the Company		(581)	1,305	(581)	1,305
(Loss)/profit per share attributable to equity holders of the Company:					
Basic, for (loss)/profit for the period (sen)	26	(0.79)	1.77	(0.79)	1.77
Diluted, for (loss)/profit for the period (sen)- Not Applicable					

These Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

		As At 31 March 2016 (Unaudited) (RM'000)	As At 31 December 2015 (Audited) (RM'000)
ASSETS			
Non-current assets			
Property, plant and equipment	9	39,192	40,292
Investment properties		2,061	2,061
Investment in an associate	11	1,667	1,756
		42,920	44,109
Current assets			
Inventories		18,088	17,098
Trade receivables		17,784	16,651
Other receivables		258	261
Other current assets		504	220
Income tax recoverable		92	75
Cash & bank balances		6,965	5,938
		43,691	40,243
TOTAL ASSETS		86,611	84,352
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		73,583	73,583
Share premium		5,097	5,097
Accumulated losses		(28,972)	(28,391)
Total equity		49,708	50,289
Non-current liabilities			
Borrowings	23	11,989	10,379
Other payables		127	127
		12,116	10,506
Current liabilities			
Borrowings	23	9,881	9,133
Trade payables		10,186	10,915
Other payables		3,602	2,391
Other current liabilities		1,118	1,118
		24,787	23,557
Total liabilities		36,903	34,063
TOTAL EQUITY AND LIABILITIES		86,611	84,352
Net assets per share (RM)		0.68	0.68

These Condensed Statements of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

Unaudited Condensed Consolidated Statements of Changes in Equity

	← Attributable to equity holders of the Company → Non-distributable				
	Share capital (RM'000)	Share premium (RM'000)	Revaluation reserve (RM'000)	Accumulated losses (RM'000)	Total (RM'000)
At 1 January 2015	73,583	5,097	-	(28,631)	50,049
Total comprehensive profit for the period	-	-	-	1,305	1,305
At 31 March 2015	<u>73,583</u>	<u>5,097</u>	<u>-</u>	<u>(27,326)</u>	<u>51,354</u>
At 1 January 2016	73,583	5,097	-	(28,391)	50,289
Total comprehensive loss for the period	-	-	-	(581)	(581)
At 31 March 2016	<u>73,583</u>	<u>5,097</u>	<u>-</u>	<u>(28,972)</u>	<u>49,708</u>

These Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016****Unaudited Condensed Consolidated Statements of Cash Flow**

	3 Months ended 31 March 2016 RM'000	3 Months ended 31 March 2015 RM'000
Cash flows from operating activities		
(Loss)/ profit before tax	(581)	1,305
Adjustment for:		
Interest income	(13)	(14)
Interest expense	346	333
Gain on disposal of property, plant & equipment	-	(13)
Depreciation of property, plant and equipment	1,112	1,099
Inventories written back	(8)	(4)
Share of loss of associate	89	97
Property, plant and equipment written off	1	-
Operating profit before working capital changes	<u>946</u>	<u>2,803</u>
Increase in inventories	(982)	(852)
Increase in trade and other receivables	(1,130)	(1,058)
(Increase)/ Decrease in other current assets	(284)	173
Increase/ (Decrease) in trade and other payables	482	(1,185)
Cash used in operations	<u>(968)</u>	<u>(119)</u>
Taxation paid, net of refund	(17)	(17)
Interest received	13	14
Interest paid	(346)	(333)
Net cash used in operating activities	<u>(1,318)</u>	<u>(455)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	13
Acquisition of property, plant and equipment	(12)	(101)
Net cash used in investing activities	<u>(12)</u>	<u>(88)</u>
Cash flows from financing activities		
Proceeds from borrowings	3,760	2,000
Repayment of borrowings	(1,013)	(1,234)
Net cash from financing activities	<u>2,747</u>	<u>766</u>
Net increase in cash and cash equivalents	1,417	223
Cash and cash equivalents at the beginning of the period	5,187	2,807
Cash and cash equivalents at the end of the period	<u>6,604</u>	<u>3,030</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	6,965	3,687
Bank overdraft (included within short term borrowings in Note 23)	(12)	(313)
Less: Fixed deposit pledged	(349)	(344)
	<u>6,604</u>	<u>3,030</u>

The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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 2015. 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 2015.

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 2015 except for the adoption of the following with effect from 1 January 2016:

Annual Improvements to MFRSs 2012 - 2014 Cycle
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141: Agricultural: Bearer Plants
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 127: Equity Method in Separate Financial Statements
Amendments to MFRS 101: Disclosure Initiatives
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception
MFRS 14: Regulatory Deferral Accounts

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 2015 was not qualified.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016****NOTES (cont'd)****4. Segmental information****Results for 3 months ended 31 March 2016**

	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	11,863	-	-	-	11,863
Less: Inter-segment sales	-	-	-	-	-
External revenue	<u>11,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,863</u>
Segment Results					
Results	2	(10)	(138)	-	(146)
Finance costs	(346)	-	-	-	(346)
Share of results of an associate					(89)
Loss before tax					<u>(581)</u>
Income tax income					-
Loss after tax					<u>(581)</u>
Other information					
Interest income	<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13</u>

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
Add/(Less): Inter-segment (return)/sales	-	-	-	-	-
External revenue	<u>17,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,733</u>

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

NOTES (cont'd)

4. Segmental information (cont'd)

Results for 3 months ended 31 March 2015 (cont'd)

	Manu- facturing RM'000	Property trading RM'000	Const- ruction RM'000	Others RM'000	Consolidated RM'000
Segment Results					
Results	1,905	(25)	(145)	-	1,735
Finance costs	(333)	-	-	-	(333)
Share of results of an associate					(97)
Profit before tax					1,305
Income tax income					-
Profit after tax					1,305
Other information					
Interest income	14	-	-	-	14

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 2016 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 2016.

9. Acquisitions and disposals of property, plant and equipment

During the quarter ended 31 March 2016, the Group acquired Property, Plant and Equipment ("PPE") with an aggregate cost of RM12,435 (1st Quarter 31 March 2015: RM261,115). Net Book Value of PPE written off by the Group for the quarter ended 31 March 2016 was RM653 (31 March 2015: Nil).

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

NOTES (cont'd)

10. Related party disclosures

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

	3 months ended		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Income				
Sale of construction materials to:				
-Zecon Construction (Sarawak) Sdn. Bhd.	-	163	-	163
-Zecon Dredging Sdn. Bhd.	-	78	-	78
-Zecon Engineering and Construction Sdn. Bhd.	-	220	-	220
-Petra Jaya Properties Sdn. Bhd.	369	-	369	-
-Rekaruang Sdn. Bhd.	705	-	705	-
Expenditure				
Insurance premium paid to Transnational Insurance Brokers (M) Sdn. Bhd.	22	29	22	29
Management fees paid to Santubong Suites Sdn. Bhd.	9	9	9	9
Rental paid to Reignvest Corporation Sdn Bhd.	180	180	180	180

11. Investment in an associate

	As At	As At
	31.03.2016	31.12.2015
	RM'000	RM'000
Unquoted shares, at cost	3,000	3,000
Share of post-acquisitions reserves	(1,333)	(1,244)
	<u>1,667</u>	<u>1,756</u>

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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 31.03.2016 %	As at 31.12.2015 %
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 31.03.2016 RM'000	As At 31.12.2015 RM'000
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	4	441
Approved but not contracted for	3,600	1,102
	<u>3,604</u>	<u>1,543</u>
	=====	=====

15. Contingent liabilities – Unsecured

	As At 31.03.2016 RM'000	As At 31.12.2015 RM'000
Corporate guarantee given to bank for credit facilities granted to a subsidiary	21,726	19,238
	<u>21,726</u>	<u>19,238</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 FIRST QUARTER ENDED 31 MARCH 2016

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 RM11.9 million in the first quarter of 2016, as compared to RM17.7 million in the corresponding quarter of 2015, representing a decrease 33% or RM5.8 million. During the current quarter under review, the Group's revenue was mainly contributed by the manufacturing division. The Group registered a loss before tax of RM581,000 in this quarter under review as compared to profit before tax of RM1,305,000 recorded in the corresponding quarter last year. The decrease in the profits is mainly due to lower sales of foundation piles and Industrialised building system components.

There was no contribution from the Construction division and Properties division. The net assets of the Group as at 31 March 2016 stood at RM49.7 million which translates to RM0.68 net assets value per share.

18. Variation of results against preceding quarter

The Group registered a loss before tax of RM581,000 from a revenue of RM11.9 million for the current quarter as compared to a loss before tax of RM1,375,000 from a revenue of RM14.9 million in the preceding quarter. A larger loss before tax in the preceding quarter is mainly due to recognition of inventories written off amounting to RM749,000.

19. Prospects for the remaining quarters

The Malaysian economy is expected to achieve moderate growth in 2016. The Group remains focused on managing its cost structure, promote its IBS products and secure more projects. Given the rolling out of certain Government projects in Sarawak, the Board anticipates better operational results for this year.

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Current tax	-	-	-	-
(Over)/under provision 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
	31.03.2016	31.12.2015
	RM'000	RM'000
Short term borrowings		
Secured	9,869	8,999
Unsecured	12	134
	<u>9,881</u>	<u>9,133</u>
Long term borrowings		
Secured	11,989	10,379
	<u>21,870</u>	<u>19,512</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.

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

NOTES (cont'd)

25. Dividend payable

No interim ordinary dividend has been declared for the financial period ended 31 March 2016 (31 March 2015: Nil).

26. Basic (loss)/profit per share

	3 months ended		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit attributable to ordinary equity holders of the Company	<u>(581)</u>	<u>1,305</u>	<u>(581)</u>	<u>1,305</u>

	As at		As at	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
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	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Sen	Sen	Sen	Sen
Basic (loss)/profit per share for (loss)/profit for the period	<u>(0.79)</u>	<u>1.77</u>	<u>(0.79)</u>	<u>1.77</u>

There is no dilution in its (loss)/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 FIRST
QUARTER ENDED 31 MARCH 2016**

NOTES (cont'd)

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

	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
Total accumulated losses		
- Realised	27,956	27,554
- Unrealised	-	-
	<u>27,956</u>	<u>27,554</u>
	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
Total share of loss of an associate		
- Realised	1,333	1,244
- Unrealised	-	-
	<u>1,333</u>	<u>1,244</u>
Total losses before consolidation adjustments	29,289	28,798
Consolidation adjustments	(317)	(407)
Total Group accumulated losses as per consolidated accounts	<u>28,972</u>	<u>28,391</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 FIRST QUARTER ENDED 31 MARCH 2016

NOTES (cont'd)

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

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

	3 months ended		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and Equipment ("PPE")	1,112	1,099	1,112	1,099
PPE written off	1	-	1	-
Share of loss of associate	89	97	89	97
Interest expense	346	333	346	333
Interest income	(13)	(14)	(13)	(14)
Inventories written back	(8)	(4)	(8)	(4)
Gain on disposal of PPE	-	(13)	-	(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 30 May 2016.