

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

		3 months ended 31 December 2016	3 months ended 31 December 2015	12 months ended 31 December 2016	12 months ended 31 December 2015
	Note	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Continuing Operations					
Revenue	4	15,484	14,891	57,027	65,872
Cost of sales		(13,231)	(12,642)	(49,293)	(52,722)
Gross profit		2,253	2,249	7,734	13,150
Other income		4,129	298	4,184	267
Administrative expenses		(772)	(2,358)	(3,989)	(5,803)
Selling and marketing expenses		(1,250)	(1,139)	(4,276)	(5,678)
Operating profit/(loss)		4,360	(950)	3,653	1,936
Finance costs		(475)	(331)	(1,740)	(1,321)
Share of loss of an associate	11	(59)	(94)	(321)	(381)
Profit/(loss) before tax		3,826	(1,375)	1,592	234
Income tax expense	21	-	6	-	6
Profit/(loss) for the period attributable to equity holders of the Company		3,826	(1,369)	1,592	240
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive profit/(loss) for the period attributable to equity holders of the Company		3,826	(1,369)	1,592	240
Profit/(loss) per share attributable to equity holders of the Company:					
Basic, for profit/(loss) for the period (sen)	26	5.20	(1.86)	2.16	0.33
Diluted, for profit/(loss) 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 FOURTH QUARTER ENDED 31 DECEMBER 2016****Unaudited Condensed Consolidated Statements of Financial Position**

		As At 31 December 2016 (Unaudited) (RM'000)	As At 31 December 2015 (Audited) (RM'000)
ASSETS			
Non-current assets			
Property, plant and equipment	9	38,051	40,292
Investment properties		2,588	2,061
Investment in an associate	11	-	1,756
		40,639	44,109
Current assets			
Inventories		19,227	17,098
Trade receivables		16,996	16,651
Other receivables		322	261
Other current receivables		1,087	220
Income tax recoverable		142	75
Deposits, cash & bank balances		14,476	5,938
		52,250	40,243
TOTAL ASSETS		92,889	84,352
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		73,583	73,583
Share premium		5,097	5,097
Accumulated losses		(26,799)	(28,391)
Total equity		51,881	50,289
Non-current liabilities			
Borrowings	23	12,777	10,379
Other payables		147	127
		12,924	10,506
Current liabilities			
Borrowings	23	11,051	9,133
Trade payables		14,073	10,915
Other payables		2,947	2,391
Other current liabilities		13	1,118
		28,084	23,557
Total liabilities		41,008	34,063
TOTAL EQUITY AND LIABILITIES		92,889	84,352
Net assets per share (RM)		0.71	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 FOURTH QUARTER ENDED 31 DECEMBER 2016

Unaudited Condensed Consolidated Statements of Changes in Equity

	← Attributable to owners 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	-	-	-	240	240
At 31 December 2015	<u>73,583</u>	<u>5,097</u>	<u>-</u>	<u>(28,391)</u>	<u>50,289</u>
At 1 January 2016	73,583	5,097	-	(28,391)	50,289
Total comprehensive profit for the period	-	-	-	1,592	1,592
At 31 December 2016	<u>73,583</u>	<u>5,097</u>	<u>-</u>	<u>(26,799)</u>	<u>51,881</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 FOURTH QUARTER ENDED 31 DECEMBER 2016****Unaudited Condensed Consolidated Statements of Cash Flow**

	12 Months ended 31 December 2016 RM'000	12 Months ended 31 December 2015 RM'000
Cash flows from operating activities		
Profit before tax	1,592	234
Adjustment for:		
Interest income	(140)	(57)
Interest expense	1,740	1,321
Gain on disposal of property, plant & equipment	-	(13)
Depreciation of property, plant and equipment	4,404	4,454
(Reversal)/Impairment loss on trade receivables	(1,698)	61
Impairment loss on other receivables	37	-
Inventories written off	105	745
Gain on disposal of associate	(3,565)	-
Share of loss of associate	321	381
Property, plant and equipment written off	1	1
Operating profit before working capital changes	<u>2,797</u>	<u>7,127</u>
Increase in inventories	(2,234)	(1,285)
Decrease in trade and other receivables	1,255	5,191
(Increase)/Decrease in other current assets	(867)	6
Increase/(Decrease) in trade and other payables	3,734	(9,213)
(Decrease)/Increase in other current liabilities	(1,105)	384
Cash from operations	<u>3,580</u>	<u>2,210</u>
Taxation paid, net of refund	(67)	(5)
Interest received	140	57
Interest paid	(1,740)	(1,321)
Net cash generated from operating activities	<u>1,913</u>	<u>941</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	77
Proceeds from disposal of associate	5,000	-
Acquisition of property, plant and equipment	(2,164)	(893)
Purchase of Investment properties under construction	(527)	(174)
Net cash generated from/(used in) investing activities	<u>2,309</u>	<u>(990)</u>
Cash flows from financing activities		
Proceeds from borrowings	8,795	6,653
Fixed deposits pledged with a bank	(14)	(5)
Repayment of borrowings	(4,077)	(4,219)
Net cash from financing activities	<u>4,704</u>	<u>2,429</u>
Net increase in cash and cash equivalents	8,926	2,380
Cash and cash equivalents at the beginning of the period	<u>5,187</u>	<u>2,807</u>
Cash and cash equivalents at the end of the period	<u>14,113</u>	<u>5,187</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits, cash and bank balances	14,476	5,938
Bank overdraft (included within short term borrowings in Note 23)	-	(402)
Less: Fixed deposit pledged	(363)	(349)
	<u>14,113</u>	<u>5,187</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 FOURTH QUARTER ENDED 31 DECEMBER 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 FOURTH QUARTER ENDED 31 DECEMBER 2016****NOTES (cont'd)****4. Segmental information****Results for 3 months ended 31 December 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	15,348	-	183	-	15,531
Less: Inter-segment sales	(47)	-	-	-	(47)
External revenue	<u>15,301</u>	<u>-</u>	<u>183</u>	<u>-</u>	<u>15,484</u>
Segment Results					
Results	4,202	1,978	(1,814)	(6)	4,360
Finance costs	(475)	-	-	-	(475)
Share of results of an associate					(59)
Profit before tax					<u>3,826</u>
Income tax income					-
Profit after tax					<u>3,826</u>
Other information					
Interest income	<u>75</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75</u>

Results for 3 months ended 31 December 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	14,891	-	-	-	14,891
Add/(Less): Inter-segment (return)/sales	-	-	-	-	-
External revenue	<u>14,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,891</u>

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016****NOTES (cont'd)****4. Segmental information (cont'd)****Results for 3 months ended 31 December 2015 (cont'd)**

	Manu- facturing RM'000	Property trading RM'000	Const- ruction RM'000	Others RM'000	Consolidated RM'000
Segment Results					
Results	(726)	(14)	(205)	(5)	(950)
Finance costs	(331)	-	-	-	(331)
Share of results of an associate					(94)
Loss before tax					(1,375)
Income tax income					6
Loss after tax					(1,369)
Other information					
Interest income	22	-	-	-	22

Results for 12 months ended 31 December 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	56,891	-	183	-	57,074
Less: Inter-segment sales	(47)	-	-	-	(47)
External revenue	56,844	-	183	-	57,027
Segment Results					
Results	3,869	1,953	(2,162)	(7)	3,653
Finance costs	(1,740)	-	-	-	(1,740)
Share of results of an associate					(321)
Profit before tax					1,592
Income tax expense					-
Profit after tax					1,592
Other information					
Interest income	139	-	1	-	140

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016****NOTES (cont'd)****4. Segmental information (cont'd)****Results for 12 months ended 31 December 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	65,767	-	105	-	65,872
Less: Inter-segment sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
External revenue	<u>65,767</u>	<u>-</u>	<u>105</u>	<u>-</u>	<u>65,872</u>
Segment Results					
Results	2,622	(63)	(616)	(7)	1,936
Finance costs	(1,321)	-	-	-	(1,321)
Share of results of an associate					<u>(381)</u>
Profit before tax					234
Income tax expense					<u>6</u>
Profit after tax					<u>240</u>
Other information					
Interest income	<u>56</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>57</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 31 December 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 Group did not declare or pay any dividend during the quarter and financial period ended 31 December 2016.

9. Acquisitions and disposals of property, plant and equipment

During the quarter and financial year ended 31 December 2016, the Group acquired Property, Plant and Equipment ("PPE") with an aggregate cost of RM1,479,442 (4th Quarter 31 December 2015: RM94,415) and 2,163,250 (31 December 2015: RM1,052,761). Net Book Value of PPE disposed off by the Group for the quarter and financial year ended 31 December 2016 was RM Nil (31 December 2015: RM64,214).

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Income				
Sale of construction materials to:				
-Zecon Construction (Sarawak) Sdn. Bhd.	-	-	10	779
-Zecon Dredging Sdn. Bhd.	-	-	-	160
-Zecon Engineering and Construction Sdn. Bhd.	-	-	10	220
-Zecon Berhad	305	-	305	-
-Petra Jaya Properties Sdn. Bhd.	19	134	388	134
-Sego Holdings Sdn Bhd	82	-	157	-
-Rekaruang Sdn. Bhd.	-	189	706	189
Expenditure				
Insurance premium paid to Transnational Insurance Brokers (M) Sdn. Bhd.	141	145	294	315
Management fees paid to Santubong Suites Sdn. Bhd.	10	9	39	37
Rental paid to Reignvest Corporation Sdn Bhd.	180	180	720	720

11. Investment in an associate

	As At	As At
	31.12.2016	31.12.2015
	RM'000	RM'000
Unquoted shares, at cost	3,000	3,000
Share of post-acquisitions reserves	(1,565)	(1,244)
Disposed during the year	(1,435)	-
	<u>-</u>	<u>1,756</u>

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31.12.2016 %	As at 31.12.2015 %
Held through SCIB Properties Sdn. Bhd. :				
Influx Meridian Sdn. Bhd	Malaysia	Property development	-	40%

On 25 November 2016, the Group disposed off its entire 40% equity interest in Influx Meridian Sdn Bhd for a purchase consideration of RM5,000,000.

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

Saved as disclosed below, there were no changes in the composition of the Group for the current quarter and financial period-to-date.

SCIB Properties Sdn. Bhd. ("SCIBP") a wholly-owned subsidiary of SCIB Holdings Sdn. Bhd., which is in turn wholly-owned by the Company, had on 25 November 2016 entered into a Share Sale Agreement with KTS Properties & Construction Sdn. Bhd. ("KTS") for the proposed divestment of 3,000,000 ordinary shares of RM1 each representing 40% issued and paid up share capital of Influx Meridian Sdn. Bhd. ("IMS B") to KTS for a total sale consideration of RM5,000,000, to be fully satisfied in cash. The proposed divestment was completed on 25 November 2016 and IMSB ceased as an associate company of SCIBP.

On 28 December 2016, the Company entered into a conditional share sale agreement ("SSA") with Gaya Belian Sdn. Bhd., Brian Francis Ticcioni and Asgari bin Mohd Fuad Stephens (collectively referred to as the "Sellers") for the proposed acquisition of 4,463,640 ordinary shares of RM1.00 each representing the entire equity interest in Carlton Gardens Sdn. Bhd. ("CGSB") for a total purchase price of RM9,500,000.

14. Capital commitments

	As At 31.12.2016 RM'000	As At 31.12.2015 RM'000
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	2,729	316
Approved but not contracted for	1,949	1,228
	<u>4,678</u>	<u>1,544</u>
	=====	=====

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

NOTES (cont'd)

15. Contingent liabilities – Unsecured

	As At 31.12.2016 RM'000	As At 31.12.2015 RM'000
Corporate guarantee given to bank for credit facilities granted to a subsidiary	23,828 =====	19,512 =====

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 increased by 4% from RM14.9 million in the last quarter of 2015 to RM15.5 million in the current quarter under review. Higher revenue was primarily due to higher demand for spun pipes given rolling out of the Pan Borneo Highway Project from its Manufacturing division in the current quarter. The Group has reported a profit before tax of RM3,826,000 as compared to loss before tax of RM1,375,000 posted in the corresponding quarter last year. A higher profit before tax during the quarter is mainly attributable to reversal of impairment loss on trade receivable and recognition of gain on disposal of associate amounting to RM1,556,000 and RM3,565,000 respectively.

On a year-to-date basis, the Group reported revenue of RM57.02 million in year 2016, as compared to RM65.87 million last year representing a decrease of 13.5%. The manufacturing division being the key driver and largest contributor to the Group's revenue, reported revenue of about RM56.9 million and RM65.7 million for the year ended 31 December 2016 and 31 December 2015 respectively. The Group recorded a higher profit before tax of RM1,592,000 as compared to a profit before tax of RM234,000 reported last year primarily due to a net reversal of loss on trade receivable and recognition of gain on disposal of associate amounting to RM1,698,000 and RM3,565,000 respectively. The net assets of the Group as at 31 December 2016 stood at RM51.88 million which translates to RM0.71 net assets value per share.

18. Variation of results against preceding quarter

The Group registered a profit before tax of RM3,826,000 from a revenue of RM15.5 million for the current quarter as compared to a loss before tax of RM594,000 from a revenue of RM15.8 million in the preceding quarter. A profit before tax was reported as compared to loss before tax in the preceding quarter is mainly attributable to reversal of impairment loss on trade receivable and recognition of gain on disposal of associate amounting to RM1,556,000 and RM3,565,000 respectively.

19. Prospects for the next year

The Malaysian economy is expected to achieve moderate growth in 2017. The Group remains focused on managing its cost structure and promoting its IBS products for new projects. Given the rolling out of the Pan Borneo Highway Project, the Group expects significant improvement in its order book and anticipates better results for the next financial year. Given the acquisition of Carlton Gardens Sdn. Bhd. and the accompanying supply contract, the Board is confident of better performance in the next year.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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		12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Current tax	-	-	-	-
(Overprovision) of tax in prior year	-	(6)	-	(6)
	-	(6)	-	(6)
Deferred tax	-	-	-	-
Total income tax (income)/ expense	-	(6)	-	(6)

22. Corporate Proposals

Save for the announcement as per note 13 of this Interim Financial Report made on 28th December 2016, there are no other outstanding proposals which have been announced by the Company but pending implementation.

23. Borrowings

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
	Short term borrowings	
Secured	11,051	8,999
Unsecured	-	134
	<u>11,051</u>	<u>9,133</u>
Long term borrowings		
Secured	12,777	10,379
	<u>23,828</u>	<u>19,512</u>

All of the above borrowings are denominated in Ringgit Malaysia.

SARAWAK CONSOLIDATED INDUSTRIES BERHAD (25583-W)**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016****NOTES (cont'd)****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 December 2016 (31 December 2015: Nil).

26. Basic profit/(loss) per share

	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) attributable to ordinary equity holders of the Company	<u>3,826</u>	<u>(1,369)</u>	<u>1,592</u>	<u>240</u>
	As at	As at	As at	As at
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
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	12 months ended	12 months ended
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	Sen	Sen	Sen	Sen
Basic profit/(loss) per share for profit/(loss) for the period	<u>5.20</u>	<u>(1.86)</u>	<u>2.16</u>	<u>0.33</u>

There is no dilution in its profit/(loss) 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
FOURTH QUARTER ENDED 31 DECEMBER 2016**

NOTES (cont'd)

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

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
Total accumulated losses		
- Realised	27,432	27,554
- Unrealised	-	-
	<u>27,432</u>	<u>27,554</u>
	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
Total share of loss of an associate		
- Realised	1,565	1,244
- Unrealised	-	-
	<u>1,565</u>	<u>1,244</u>
Total losses before consolidation adjustments	28,997	28,798
Consolidation adjustments	<u>(2,198)</u>	<u>(407)</u>
Total Group accumulated losses as per consolidated accounts	<u>26,799</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 FOURTH QUARTER ENDED 31 DECEMBER 2016

NOTES (cont'd)

28. Material litigation

On 13 July 2016, the Company announced that its wholly owned subsidiary, SCIB Industrialised Building System Sdn. Bhd. (“the Plaintiff”) had on 5th July 2016 through its solicitor, Messrs Loke, King, Goh & Partners Advocates sealed a Writ and Statement of Claim in respect of the High Court of Sabah and Sarawak Suit No. KCH-22NCvC-41/7- 2016(HC 2) which was filed at the High Court of Sabah and Sarawak at Kuching (“Civil Suit”). The Civil Suit was filed by SCIB Industrialised Building System Sdn. Bhd. (“the Plaintiff”) through its solicitors against Millennium Crest Sdn. Bhd. (“the Defendant”).

Pursuant to the Writ and Statement of Claim, the Plaintiff claims the following from the Defendant:

- a) A declaration that the Plaintiff had practically completed its scope of works by 15th of November 2013.
- b) the principal sum of RM2,786,695.70 as at 29th December 2014;
- c) interest on the sum of RM2,786,695.70 at the rate of 7.6% per annum from 30th December 2014 until full and final settlement;
- d) the sum of RM4,725.00 as compensation for the arbitration cost;
- e) costs; and
- f) such further or other relief as the Honourable Court may deem fit and just.

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

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

	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and Equipment (“PPE”)	1,052	1,119	4,404	4,454
PPE written off	-	-	1	1
Share of associate loss	59	94	321	381
Interest expense	475	331	1,740	1,321
Interest income	(75)	(22)	(140)	(57)
Inventories written off	113	749	105	745
(Reversal)/ impairment of loss on trade receivables	(1,556)	46	(1,698)	61
Impairment loss on other receivables	37	-	37	-
Gain on disposal of associate	(3,565)	-	(3,565)	-
Gain on disposal of property, plant and equipment (“PPE”)	-	-	-	(13)

30. 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 28 February 2017.