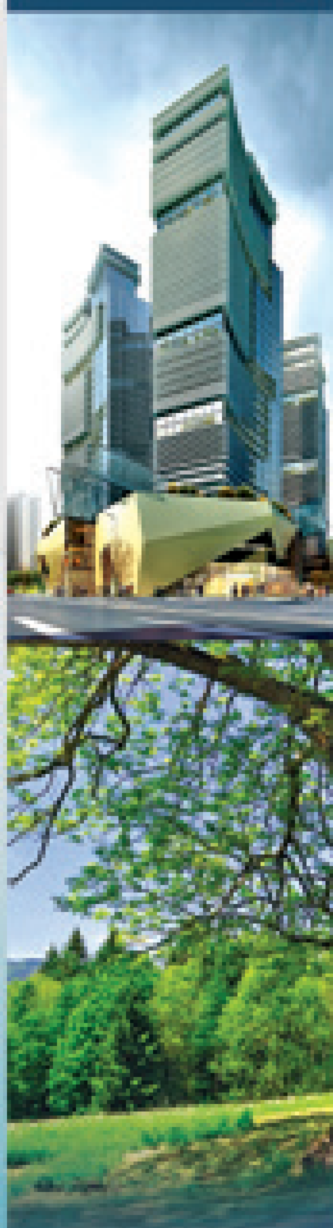
SARAWAK CONSOLIDATED INDUSTRIES BERHAD

COMPANY NO 25583-W



Annual Report 2015

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

COMPANY NO. 25583-W

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fortieth (40th) Annual General Meeting of Sarawak Consolidated Industries Berhad ("SCIB" or "the Company") will be held at the Board Room, 2nd Floor, SCIB Building, Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak on Monday, 30 May 2016 at 12.00 noon for the following purposes:

AGENDA

ORDINARY BUSINESS

(a) To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.

(b) To approve the annual fees of the Non-Executive Directors at an amount not exceeding RM300,000 in aggregate for the financial year ending 31 December 2016 (2015: RM254,400). Resolution 1

(c) To re-elect the Director, Tuan Haji Soedirman Bin Haji Aini who retires in accordance with Article 115 of the Company's Articles of Association and being eligible, offers himself for re-election. Resolution 2

(d) To re-elect the following Directors who retire pursuant to Article 122 of the Company's Articles of Association and being eligible, offer themselves for re-election:

i) YBhg. Datu Ir. Haji Mohidin Bin Haji Ishak Resolution 3

ii) Encik Shamsul Anuar Bin Ahamad Ibrahim Resolution 4

iii) Encik Rewi Hamid Bugo Resolution 5

(e) To consider and if thought fit, to pass the following resolution: Resolution 6

"**THAT** pursuant to Section 129(6) of the Companies Act, 1965, YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next annual general meeting."

(f) To re-appoint Messrs. Ernst & Young as auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. Resolution 7

SPECIAL BUSINESS

(g) To consider and, if thought fit, pass the following ordinary resolution: Resolution 8

- **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

"**THAT** pursuant to Section 132D of the Companies Act, 1965, and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and that the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

(h) To consider and, if thought fit, pass the following ordinary resolution: Resolution 9

- **Proposed Renewal of Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholder Mandate")**

NOTICE OF ANNUAL GENERAL MEETING (contd.)

"**THAT** subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given to the Company and/or its subsidiaries ("SCIB Group") to enter into any of the categories of related party transactions which are recurrent, of a revenue or trading nature and are necessary for the day-to-day operations of SCIB Group as outlined in Section 2.2 on page 2 of the Circular to Shareholders (Part A) dated 29 April 2016 ("Circular"), with the specific related parties mentioned therein subject further to the followings:

(i) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders of the Company; and

(ii) disclosure is made in the annual report a breakdown of the aggregate value of the transactions conducted pursuant to the Proposed Shareholder Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements, and amongst others, based on the following information:

- the type of the recurrent related party transactions made; and
- the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

AND THAT such approval will continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed;
(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") [but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act]; or
(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholder Mandate."

(i) To consider and, if thought fit, pass the following ordinary resolution: Resolution 10

- **Proposed Renewal of Authority for Purchase of Own Shares by the Company**

"**THAT** subject always to the Companies Act, 1965 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby unconditionally and generally authorised to purchase and/or hold on the market of Bursa Securities such number of ordinary shares of RM1.00 each ("Shares") in the Company as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided:

(i) that the total aggregate number of Shares purchased and/or held or to be purchased and/ or held pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being;

(ii) the funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the total share premium account of the Company at

NOTICE OF ANNUAL GENERAL MEETING (contd.)

the time of purchase; and

(iii) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
(b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of the Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

(iv) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to cancel the Shares so purchased or to retain the Shares so purchased as treasury shares, of which may be distributed as dividends to shareholders, and/or resold on Bursa Securities, and/or subsequently cancelled or to retain part of the Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the purchase(s) of the Shares with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give full effect to and to complete the purchase of SCIB's own shares."

(j) To transact any other business which may properly be transacted at an annual general meeting, due notice of which shall have been previously given in accordance with the Articles of Association of the Company and the Companies Act, 1965.

By Order of the Board of Directors
Voon Jan Moi (MAICSA 7021367)
Company Secretary

Dated: 29 April 2016
Kuching, Sarawak

NOTICE OF ANNUAL GENERAL MEETING (contd.)

Explanatory Notes on Special Businesses:

(i) **Resolution 3 and 4 - Re-election of Directors**
The Remuneration and Nomination Committee and the Board of Directors have assessed the independence of YBhg. Datu Ir. Haji Mohidin Bin Haji Ishak and Encik Shamsul Anuar Bin Ahamad Ibrahim and recommended them to be re-elected as Directors at the forthcoming annual general meeting.

(ii) **Resolution 8 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**
The proposed resolution 8 will empower the Directors to issue shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the best interest of the Company and also to empower the Directors to obtain approval from Bursa Securities for the listing of and quotation for additional shares issued. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by the shareholders at the Company's annual general meeting held on 30 June 2015 ("AGM 2015"). The Company did not utilise the mandate obtained at the AGM 2015.

The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time.

The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

(iii) **Resolution 9 - Proposed Renewal of Shareholder Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature**
Please refer to the Circular to Shareholders (Part A) dated 29 April 2016 for further information.

(iv) **Resolution 10 - Proposed Renewal of Authority for Purchase of Own Shares by the Company**
Please refer to the Statement to Shareholders (Part B) dated 29 April 2016 for further information.

Notes:

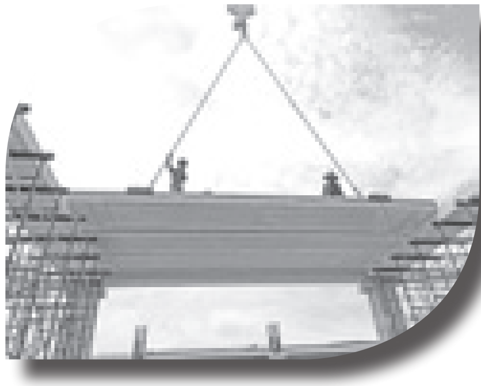
1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, the duly completed Form of Proxy must be deposited at the registered office of the Company at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
3. A member of the Company entitled to attend, speak and vote at this Annual General Meeting ("AGM") shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. A depositor whose name appears in the Record of Depositors as at 24 May 2016 shall be regarded as a member of the Company entitled to attend this AGM or appoint a proxy to attend, speak and vote on his behalf.

CORPORATE PROFILE

Sarawak Consolidated Industries Berhad (“SCIB”) was founded in 1975 and has evolved from a small enterprise into a reputable Group of companies listed on the Main Market of Bursa Malaysia Securities Berhad. Currently, SCIB is operating three factories in Kuching, Sarawak, one factory in the Pending Industrial Estate and two factories in the Demak Laut industrial park.

SCIB is well known for professional management and has long history of innovative ideas and technological advances. Coupled with its wealth of experience and research acquired in more than three decades, SCIB offers its clients in-depth expertise through a combination of technology, efficiency and speed.

Amongst the concrete products manufactured for use in the construction and infrastructure sectors are pre-stressed spun pile, reinforced concrete square pile, spun concrete pipe, reinforced concrete box culvert, pre-stressed beam, concrete roofing tiles and prefabricated concrete elements or Industrialised Building System (“IBS”) components such as Hollowcore slab, Wall panel, Column and Beam.



SCIB has become a much respected household name, a name synonymous with quality and service. With its commitment to quality, SCIB was awarded by SIRIM QAS ISO9001:2008 Quality Documentation System as well as product certification.

With long term focus on growth, SCIB underwent a group rationalization exercise which resulted in group structure in 2001. From a manufacturing base, SCIB sets its sight on diversifying and expanding into property development.

In year 2005, SCIB has entered into an agreement with Elematic Oy Ab, Finland in Technology and Product Design Transfer for the prefabricated Industrialised Building System.

Through Elematic market leadership and international presence, SCIB offers customers the benefits of :-

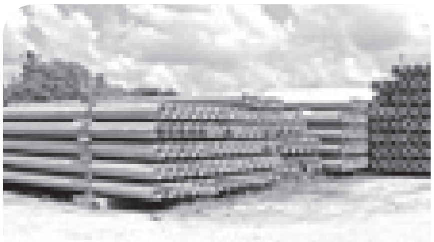
- The latest solutions and technology in prefabricated Industrialised Building System
- Unique benchmarking possibilities
- Extensive design and engineering resources

Advantages of prefabricated Industrialised Building System are as follows:

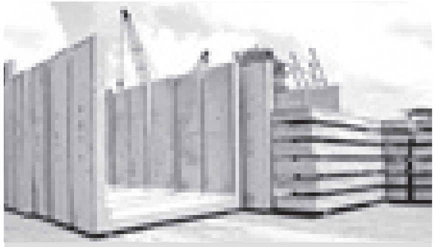
- Improved speed of construction
- Reduced site costs and time due to off-site manufacture
- Quality assured factory production
- Wide range of appearance and finishes
- Reduced manpower at site
- Longer span and greater load capacity
- Better sound insulation
- Low maintenance cost
- Durable due to higher strength of materials
- Less cleaning and clearing of construction debris
- Less exposure to stolen steel bars at site
- No plastering for bottom and side surfaces required
- Competitive cost when designed to optimum solution

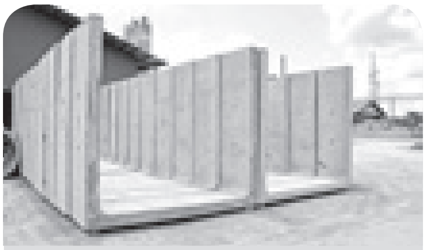
CORPORATE PROFILE (contd.)

OUR PRODUCTS


Spun Pile

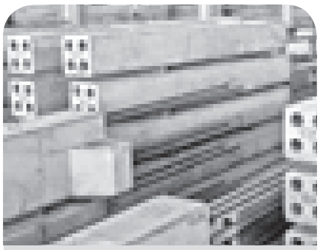

Square Pile


Box Culvert

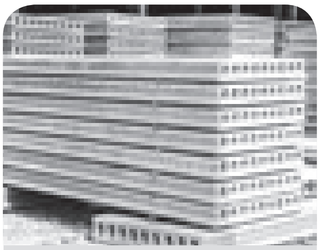

U-Drain

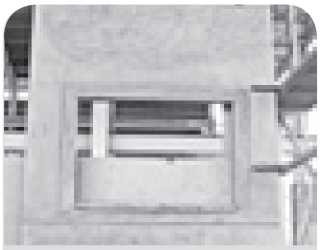

Prestressed Beam

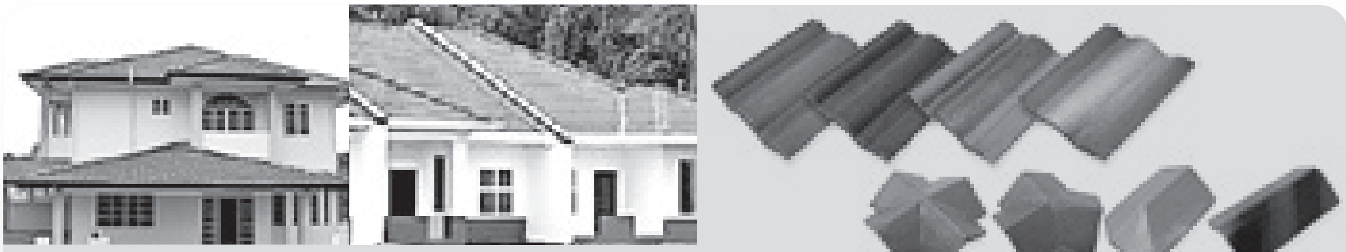

Concrete Pipe


Precast Column


Precast Beam


Hollowcore Slab


Wall Panel


Bold Roll Concrete Roof Tiles


Santubong Suites

CORPORATE PROFILE (contd.)

OUR FACTORIES

Main Factory, Pending Industrial Estate, Kuching

IBS Factory, Demak Laut Industrial Park, Kuching

Roofing tiles, Light Weight Blocks and Spun Pile Factory, Demak Laut Industrial Park, Kuching

CORPORATE PROFILE (contd.)

OUR PROJECTS

We supply our products to some notable projects including:

The Summer Mall
- Supply of IBS components and Square piles

The Faculty of Medicine & Health Science for Universiti Malaysia Sarawak "UNIMAS"
- Supply of IBS components and Spun piles

Central Teaching Faculty for UNIMAS
- Supply of IBS components and Spun piles

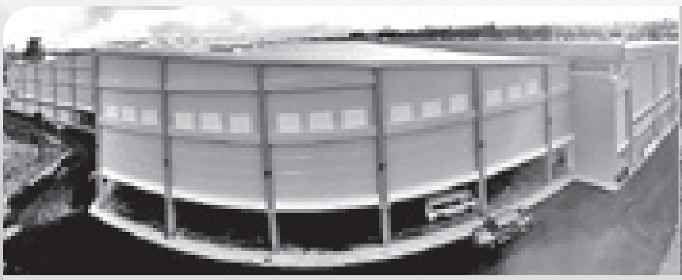
Proposed Klinik Kesihatan Jenis 3XP on Lot 3081 & 3082, Malaysia
- Supply of IBS components

Three Storey Commercial Complex at Jalan Wan Alwi
- Supply of IBS components and Square piles

Vivacity Project – an integrated mixed development comprising a retail podium, a block of hotel and 4 blocks of service apartments at Jalan Wan Alwi, Kuching.
- Supply of IBS components and Spun piles

Pusat Islam for UNIMAS
- Supply of IBS components and Spun piles

Royal Custom Malaysia Sarawak Headquarter
- Supply of IBS components



Giant Mall, Semariang
- Supply of IBS products

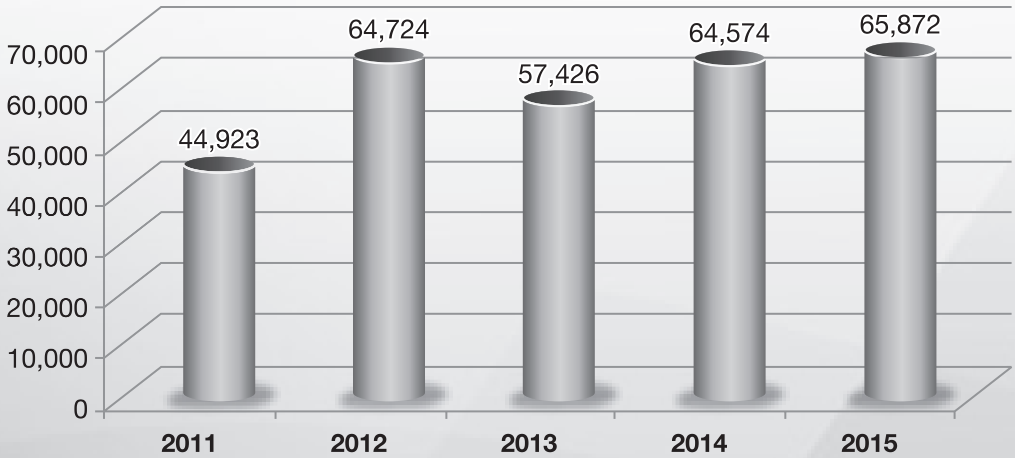
KUB Mill at Mukah
- Supply of IBS hollow core slabs and Square piles

GROUP FINANCIAL HIGHLIGHTS

Financial year ended 31 December	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
Revenue	44,923	64,724	57,426	64,574	65,872
Gross profit	8,835	10,585	7,995	12,767	13,150
Profit/ (loss) before tax	142	1,288	(3,430)	(2,933)	234
Profit/ (loss) for the year attributable to equity holders of the Company	113	1,286	(2,820)	(2,939)	240
Earnings before interest, tax and depreciation	5,227	6,168	1,477	2,335	5,952
Total assets	84,120	88,966	86,755	90,067	84,352
Shareholders equity	54,521	55,807	52,987	50,048	50,288
Loans and borrowings	12,749	14,216	15,438	16,638	19,512

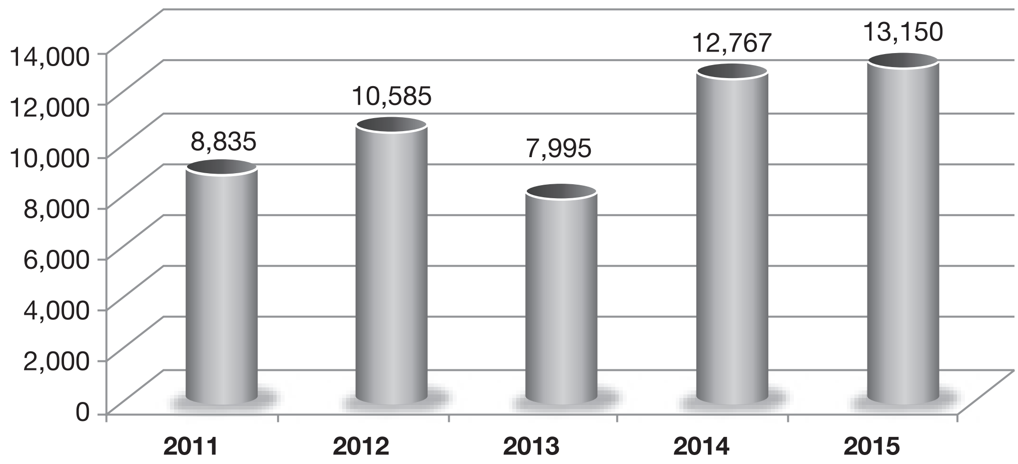
<u>**Financial ratios**</u>					
Net assets per share	0.74	0.76	0.72	0.68	0.68
Debts to total funds ratio	32%	32%	33%	42%	35%

REVENUE (RM'000)

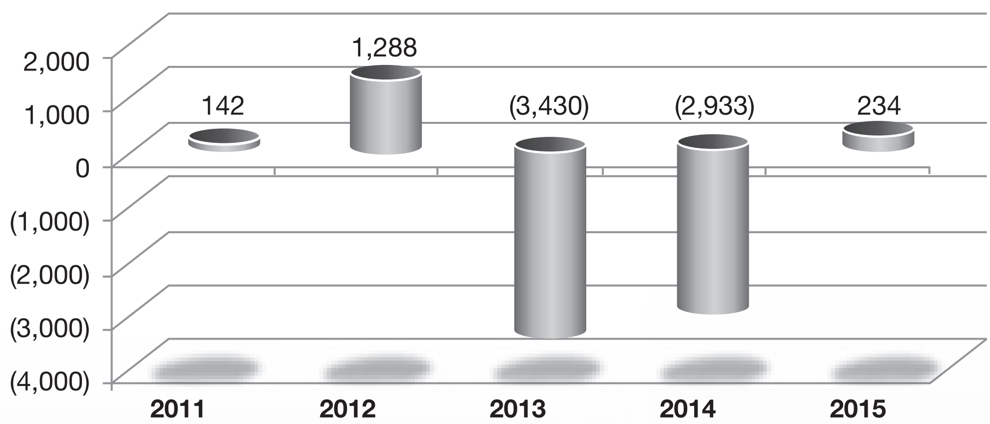


GROUP FINANCIAL HIGHLIGHTS (contd.)

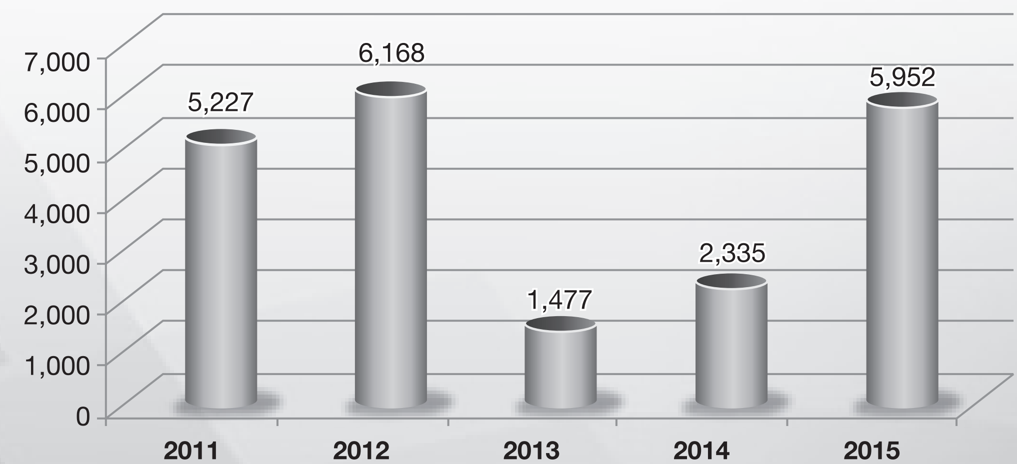
GROSS PROFIT (RM'000)



PROFIT/(LOSS) BEFORE TAX (RM'000)

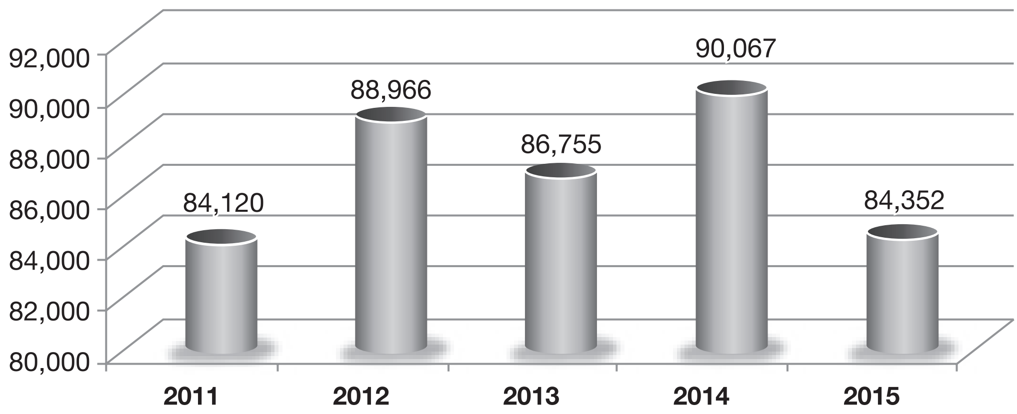


EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION (RM'000)

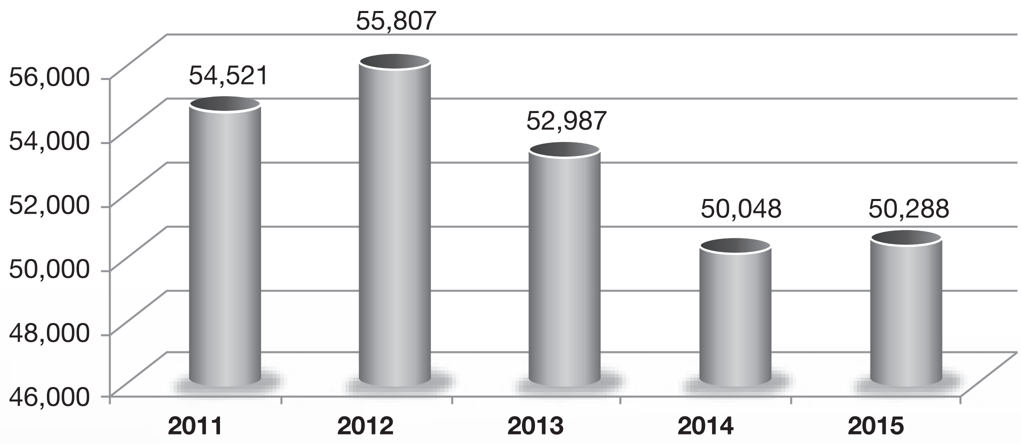


GROUP FINANCIAL HIGHLIGHTS (contd.)

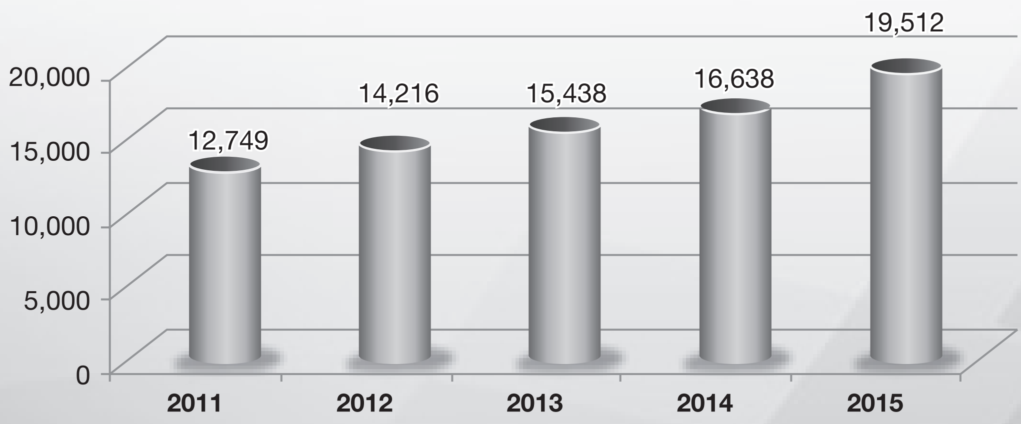
TOTAL ASSETS (RM'000)



SHAREHOLDERS EQUITY (RM'000)



LOANS & BORROWINGS (RM'000)



CORPORATE INFORMATION

DIRECTORS

YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo	*(Non-Independent Non-Executive Chairman)*
YBhg. Datu Ir. Haji Mohidin Bin Haji Ishak	*(Independent Non-Executive Director)*
Tuan Haji Soedirman Bin Haji Aini	*(Non-Independent Non-Executive Director)*
Mr. Lim Nyuk Foh	*(Non-Independent Non-Executive Director)*
Encik Shamsul Anuar Bin Ahamad Ibrahim	*(Independent Non-Executive Director)*
Encik Rewi Hamid Bugo	*(Non-Independent Non-Executive Director)*

GROUP CHIEF EXECUTIVE OFFICER

Tuan Haji Zaidi bin Haji Ahmad

COMPANY SECRETARY

Voon Jan Moi (MAICSA 7021367)

REGISTERED OFFICE

Lot 1258, Jalan Utama
Pending Industrial Estate
93450 Kuching, Sarawak

Tel : 082-334485
Fax : 082-334484

AUDITORS

Ernst & Young
Chartered Accountants
3rd Floor, Wisma Bukit Mata Kuching
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak

Tel : 082-243233
Fax : 082-421287

INVESTOR RELATION

Attn: Encik Shamsul Anuar Bin Ahamad Ibrahim
Email: scib@scib.com.my

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad
Stock Name : SCIB
Stock Code : 9237

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/ 46,
47301 Petaling Jaya, Selangor Darul Ehsan

Tel : 03-78418000
Fax : 03-78418151

PRINCIPAL BANKERS

Malayan Banking Berhad
Small Medium Enterprise Development Bank Malaysia Berhad
AmBank (M) Berhad
Kuwait Finance House (Malaysia) Berhad

WEBSITE

www.scib.com.my

CORPORATE STRUCTURE

SARAWAK CONSOLIDATED INDUSTRIES BERHAD
COMPANY NO. 25583-W

100% **INVESTMENT HOLDING**
SCIB Holdings Sdn. Bhd.

100% **CONSTRUCTION**
SCIB Industrialised Building System Sdn. Bhd.

100% **PROPERTY**
SCIB Properties Sdn. Bhd.

40% **Influx Meridian Sdn. Bhd.**

100% **MANUFACTURING**
SCIB Concrete Manufacturing Sdn. Bhd.

100% **OTHERS**
SCIB Infraworks Sdn. Bhd.

VISION AND MISSION STATEMENT

our VISION

To be a company founded on excellence.

our MISSION

We are dedicated to the creation and demonstration of a concept of linked prosperity.

Our mission consists of three interrelated parts:

- **ECONOMIC MISSION:**
  To operate the Company on sound management principles for growth and increasing values for our shareholders and creating career opportunities and financial rewards for our employees;

- **PRODUCT MISSION:**
  To make, distribute and sell the finest quality products in innovative and creative way while optimizing the utilization of resources; and

- **SPECIAL MISSION:**
  To operate the Company in a way that actively recognizes the central role that business plays in the structure of society by initiating innovative ways to improve the quality of life of a broad community.

Underlying the mission is the determination to seek new and creative ways to achieving all three parts.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S PROFILE

DIRECTORS' PROFILE

YBHG. TAN SRI DATUK AMAR (DR.) HAMID BIN BUGO

Non-Independent Non-Executive Chairman / Aged 70, Malaysian

Tan Sri Hamid was appointed as a Non-Executive Chairman on 23 October 2001 and redesignated as the Executive Chairman from 22 November 2007 till 24 February 2010. He was then redesignated as the Non-Independent Non-Executive Chairman on 24 February 2010. He graduated with a Bachelor and Masters of Art (Economics) from Canterbury University, New Zealand, and a Teaching Post-Graduate Diploma from Christchurch Teachers' College in 1970. He received his Honorary Degree of Doctor of Commerce from Lincoln University in 2001.

He held various distinguished positions in the public service, including the first general manager of Land Custody and Development Authority, Permanent Secretary of Ministry of Resource Planning and finally State Secretary of Sarawak from 1992 till 2000.

Tan Sri Hamid also sits on the Board of Sapura Resources Berhad and Sapura Kencana Petroleum Berhad.

He is deemed a substantial shareholder of the Company via Pacific Unit Sdn Bhd.

Tan Sri Hamid is the father of Encik Rewi Hamid Bugo, a Director of the Company.

YBHG. DATU IR. HAJI MOHIDIN BIN HAJI ISHAK

Independent Non-Executive Director / Aged 63, Malaysian

YBhg. Datu Ir. Haji Mohidin was appointed as an Independent Non-Executive Director on 1st September 2015. He graduated with Bachelor of Engineering from University of Auckland, New Zealand and he is a member of the Institute of Engineers Malaysia.

Datu Ir. Haji Mohidin was the General Manager of Bintulu Development Authority ("BDA") from year July 2003 to April 2015. He has many years of experience on the Board of various companies namely Bintulu Port Authority, BDA Properties Sdn. Bhd., Laku Management Sdn. Bhd., Kemena Industries Sdn. Bhd. and Samalaju Properties Sdn. Bhd.

Datu Ir. Haji Mohidin also sits on the Board of University Putra Malaysia and served as the Board member of Bintulu Muslim Charitable Board, Lembaga Amanah Anak Yatim Sarawak and Malaysian Red Crescent Bintulu Chapter.

TUAN HAJI SOEDIRMAN BIN HAJI AINI

Non-Independent Non-Executive Director / Aged 59, Malaysian

Tuan Haji Soedirman was appointed as a Non-Independent Non-Executive Director since 1 January 2013. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and a member of Malaysian Institute of Accountants.

He started his career with Petronas in 1982 and after serving 13 years with the Company, he resigned in 1995 to join the Sarawak State Government. He is currently the General Manager of Sarawak Economic Development Corporation (SEDC). His previous employment in the Sarawak Civil Service includes being the Permanent Secretary of Ministry of Social Development, Director of State Implementation Monitoring Unit, Permanent Secretary of the Ministry of Industrial Development, Deputy State Financial Secretary and State Accountant- General. Between November 2002 and September 2003, he was seconded to Amanah Saham Sarawak Berhad as its Chief Executive Officer.

Tuan Haji Soedirman sits on the Board of various Government-Linked Companies and Non-Governmental Organisations. He also sits on the Board of Naim Holdings Berhad.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S PROFILE (contd.)

MR. LIM NYUK FOH

Non-Independent Non-Executive Director / Aged 52, Malaysian

Mr. Lim Nyuk Foh was appointed as a Non-Independent Non-Executive Director on 20 October 2014. He graduated with a Degree in Finance major in Investment from University of Toledo, United States of America.

Mr. Lim Nyuk Foh founded Priceworth International Berhad (formerly known as Priceworth Wood Products Berhad) and a group of companies ("PIB Group") and was appointed to the Board of Directors of PIB on 2 November 2001.

He ventured into the trading of timber for the domestic and foreign market in 1989. In 1990, he founded Priceworth Industries Sdn Bhd to undertake the sawmilling and timber extraction business. He has more than 24 years of extensive experience in the timber industry.

Mr. Lim Nyuk Foh is also the Group Managing Director of Priceworth International Berhad and Bertam Alliance Berhad.

Mr. Lim Nyuk Foh is a substantial shareholder of the Company.

ENCIK SHAMSUL ANUAR BIN AHAMAD IBRAHIM

Independent Non-Executive Director / Aged 53, Malaysian

Encik Shamsul Anuar Bin Ahamad Ibrahim was appointed as an Independent Non-Executive Director on 1st September 2015. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and a member of Malaysian Institute of Accountants.

Encik Shamsul Anuar joined ASSAR Group of Companies in 1993 as the Finance & Administration Manager of Amanah Saham Sarawak Bhd (ASSB). Since then, he has been assigned to various positions in the group and made the Chief Executive Officer of ASSB in 2003. In 2007, he was promoted to his current position i.e. the Group Corporate Affairs General Manager of Permodalan ASSAR Sdn Bhd (the holding company of ASSB).

He also sits on the Board of Sarawak Transport Company Berhad.

ENCIK REWI HAMID BUGO

Non-Independent Non-Executive Director / Aged 42, Malaysian

Encik Rewi Hamid Bugo was appointed as a Non-Independent Non-Executive Director on 1st September 2015. He graduated with a Bachelor of Science degree and Master of Commerce (1st Class Honours) degree from the University of Canterbury, New Zealand.

He was appointed as the Managing Director of Sego Holdings Sdn. Bhd. in 1997 and sits on the Board of a number of private companies that are engaged in property development, the tourism industry and the Oil and Gas industry.

Encik Rewi Hamid Bugo also sits on the Board of Thriven Global Berhad.

He is presently the Deputy President of SHEDA, the Sarawak Housing and Real Estate Developers' Association for the 2015-2018 term.

Encik Rewi Hamid Bugo is the son of YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo, a Director and Major shareholder of the Company.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S PROFILE (contd.)

CHIEF EXECUTIVE OFFICER'S PROFILE

TUAN HAJI ZAIDI BIN HAJI AHMAD

Chief Executive Officer / Aged 56, Malaysian

Tuan Haji Zaidi was appointed as an Executive Director since 22 January 2003. He resigned as the Executive Director on 1 January 2013 and was appointed as a Chief Executive Officer on the same date. He graduated with a Master of Business Administration from Leicester University, United Kingdom and a Diploma in Banking Studies from the Institute of Technology MARA.

He gained many years of experience in banking and finance and was the Executive Director/ Chief Executive Officer of a licensed finance company from 1994 till 2000. He sits on the board of a number of private companies involved in manufacturing, property development and construction.

He also served as the President of PIBAKAT, Sarawak Society for Parents of Children with Special Needs.

Tuan Haji Zaidi holds direct interest of 190,800 shares (0.26%) and indirect interest of 135,715 shares (0.18%) in the Company. He has no interest in the Subsidiaries of the Company.

Notes:

1. *Family Relationship with Director and/or Major Shareholder*
   Save as disclosed above, none of the Directors and Chief Executive Officer has any family relationship with any director and/or major shareholder of the Company.

2. *Conflict of interest*
   None of the Directors and Chief Executive Officer has any conflict of interests with the Company.

3. *Conviction of Offences*
   None of the Directors and Chief Executive Officer has been convicted of any offences in the past ten (10) years.

4. *Directorships*
   Saved as disclosed above, none of the Directors and Chief Executive Officer has other directorship in Public Companies.

5. Details of the Board members' participation in the various Board Committees are set out in the Statement on Corporate Governance in this Annual Report.

6. *Directors' Training*
   All Directors have attended various in-house or external programmes to enable them to discharge their duties and responsibilities effectively. In addition, all Directors are encouraged to attend seminars, conferences and various training programmes to keep abreast with market and economic developments as well as with the new statutory and regulatory requirements.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S PROFILE (contd.)

CONFERENCES, SEMINARS AND TRAINING PROGRAMMES

Conferences, seminars and training programmes attended by the Directors in the current financial year are as follows:

No	Name of Director	Conferences, seminars and training programmes
1	YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo	- Down to a Simmer: Prospects for Asia in 2015 and Beyond by HSBC bank Malaysia Berhad - Competitive Advantage Through Innovation by Bain & Company - Sustainable & Regenerative Health by Institute for Integrated Regenerative Medicine - Briefing on Goods & Services Tax by Sime Darby Berhad - 6th International Research Symposium In Service Management, theme: "Service Imperative in the new Economy: Service for Sustainability" by Universiti Teknologi MARA Sarawak - 2nd Sarawak Business & Investment Summit: Sarawak Rises: Driving Diversified Growth by Asian Strategy & Leadership Institute - Sapura Kencana Petroleum's In-House Directors' Talk Series- Production Sharing Contract Accounting talk by Ernst & Young
2	YBhg. Datu Ir. Haji Mohidin Bin Haji Ishak	- Mandatory Accreditation Programme ("MAP") for Directors of Public Listed Companies by Bursatra Sdn. Bhd.
3	Tuan Haji Soedirman Bin Haji Aini	- 2015 National Conference on Governance Risk and Control Gearing for Innovation by The Institute of Internal Auditors Malaysia - Forensic Auditing- Lie Detection, Fraud Investigation and Workplace Fraud by Sara Resorts Management Sdn. Bhd.
4	Mr. Lim Nyuk Foh	- 2016 Budget and Tax seminar by Ernst & Young Tax Consultants Sdn. Bhd.
5	Encik Shamsul Anuar Bin Ahamad Ibrahim	- Mandatory Accreditation Programme ("MAP") for Directors of Public Listed Companies by Bursatra Sdn. Bhd. - MIA International Accountants Conference 2015 by Malaysian Institute of Accountants
6	Encik Rewi Hamid Bugo	- Mandatory Accreditation Programme ("MAP") for Directors of Public Listed Companies by Bursatra Sdn. Bhd. - 2016 Tax & Budget Outlook by Crowe Horwath CPE Sdn. Bhd. - Financial Language In the Boardroom by Malaysian Directors Academy

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the year ended 31 December 2015, six Board Meetings were held. The attendance of the Directors at the Board Meetings is as follows:

	Attendance
YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo	6/6
YBhg. Datu Ir. Haji Mohidin Bin Haji Ishak *	2/2
Tuan Haji Soedirman Bin Haji Aini	6/6
Mr. Lim Nyuk Foh	3/6
Encik Shamsul Anuar Bin Ahamad Ibrahim *	2/2
Encik Rewi Hamid Bugo *	2/2
YBhg. Datu Haji Hamzah Bin Haji Drahman **	4/4
YBhg. Dato Tan Chung Lok **	3/4
Mr. Richard Kiew Jiat Fong ***	4/5

* *Appointed as a Board Member on 1 September 2015*
** *Resigned as Board Member on 1 September 2015*
*** *Resigned as Board Member on 28 October 2015*

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of SCIB for the financial year ended 31 December 2015.

Last year we said 2015 would be a profitable year for SCIB as we expected among others, the rolling out of the Pan Borneo Highway projects and a couple of IBS related projects would contribute to a better group performance. These fell short of our expectations; as a result we are unable to meet our targeted performance for the financial year. Having said that, we managed to record an improved overall performance as compared to the last financial year.

Business Performance

The overall business environment becomes very challenging during the 2nd half of the year due to economic uncertainties arising from the fall in crude oil prices. Despite this, the group performed quite well as our revenue increased marginally by 2% to RM65.9 million as compared to RM64.5 million registered in 2014. This is basically due to the improved performance of our spun piles and pipes and IBS components. Our focus to improve quality and product reliability has been fruitful.

The performance of our IBS components registered an increase of 10% or 1,897 mt from 18,977 mt in 2014 to 20,874 mt for the year under review. This augurs well for the future of IBS and its acceptance by industry players in Sarawak. In this regard we appeal to both our state and federal government to really emphasize on the usage of IBS components for their projects in Sarawak.

On the other hand there is a slight decrease of 1% in production tonnage of our traditional products from 129,863 mt in 2014 to 128,376 mt for the year under review due to our emphasis on the types of products that we manufacture.

Overall our total production tonnage increased marginally by 0.4% from 148,681 mt in 2014 to 149,323 mt this year driven by our emphasis on types of products manufactured and the weakening demand during the 2nd half of the financial year. To assure the market of product delivery, our plants capacity have been upgraded over the years to produce optimum production tonnage of 276,000 mt annually.

We do not foresee any contribution yet from our property division as the project undertaken through our associate company has just commenced construction.

Our roofing tiles business has continuously posted negative results due to the competitive nature of such products and the high depreciation and rental of factory. The board has agreed to the divestment of this business segment.

Going forward we envisaged a stronger performance especially in our traditional products and IBS components for the 2nd half of 2016 as more projects are coming on-stream.

Financial Performance

For the financial year under review, the group registered a pre-tax profit of only RM233,857 as compared to a pre-tax loss of RM2,932,942 in 2014. This is indeed commendable bearing in mind the challenging business environment experienced during the 2nd half of 2015.

Operating profits improved to RM1.9 million despite an increase of RM1.1 million or 24% in selling and distribution expenses which is due to the delivery of finished products to outstation areas and rental of machines. The management has also decided to write off some obsolete engineering stocks, raw materials, obsolete finished goods amounting to RM746,056.

Notwithstanding the above, we are confident that the impairment losses on Trade receivables made in 2014 are recoverable by end of the year 2016.

We endeavour for a leaner structure of our operating units as salary and its related expenses constituted 50% of the administrative costs, a normal increase of only 6%.

The increase of 5% or RM66,144, in finance costs and the share of associate loss of RM381,266 resulted in the group registering a meagre RM240,357 in after tax Net Profit.

A cleaner balance sheet reflects our commitment towards better financial management wherein both trade receivables

CHAIRMAN’S STATEMENT (contd.)

and payables have reduced by 23% and 36% respectively as compared to 2014.

We opined that given the challenging business environment experienced during the 2nd half of 2015, we have performed creditably well in our financial management of the group. This is evidenced through our EBITDA which registered an increase of 154 % from RM2.34 million in 2014 to RM5.95 miliion in 2015.

Last year we said that dividends would be declared should our financial performance improves over the years. We remained steadfast in that promise to our shareholders. Nevertheless, in light of our performance, the board does not recommend any payment of dividend for this financial year.

Sustainability and diversity

As at 31 December 2015, we had approximately 272 salaried employees and 10 contractors employing 112 contract workers. Our employees are properly and adequately remunerated in line with market trends and are given proper trainings externally and on the job.

We pride ourselves in promoting best practices in health, environment, corporate social responsibility and the minimization of waste. Nevertheless factory-related accidents, however minor do happen in business such as ours. We recorded a total of five (5) minor work-related accidents at our respective factory floors in 2015 which are mainly due to employees’ carelessness and efforts especially on training have been implemented to ensure such accidents do not recur in future.

At the board level, we recognized the value of diversity and the need to review its composition especially pertaining to the position of our independent directors who have been with us for more than 9 years. Though their services have been exemplary, the board in the spirit of good corporate governance, believe it’s timely to inject new blood to ensure the independence of such directors remains intact and absolute. Thus the appointment of new independent directors with the required prerequisite and qualifications in the persons of YBhg. Datu Ir. Haji Mohidin Bin Haji Ishak and Encik Shamsul Anuar Bin Ahamad Ibrahim be appointed to replace both YBhg. Datu Tan Chung Lok and Mr. Richard Kiew Jiat Fong respectively. I would like to convey our gratitude to both independent directors for their exemplary services in ensuring the independence of and for their assistance rendered to our board. I would also like to welcome the newly appointed independent directors for accepting their respective appointments and looking forward to their contributions. We will also continually seek qualified and suitable candidates especially women to be appointed to our board.

Future Outlook

Barring any unforeseen circumstances, 2016 will be another journey for SCIB to excel further in our quest to be one of the largest precast concrete manufacturer in this region. We remained focused in the manufacture of spun piles, pipes, beams and IBS components. Though the journey can be more challenging, we are steadfast in our commitment to deliver quality and reliable products to all our customers. This is emphasized through our dedicated employees who have shown loyalty, unity and innovativeness to everything we do. We will continue to prosper and succeed.

With the improved economic condition wherein our GDP growth is projected to be between 4 - 4.5%, we opined ourselves to be a beneficiary of our government infrastructure projects. We have great confidence for SCIB to succeed in this era of stronger growth as we have taken steps to reposition ourselves to benefit therefrom.

Finally I take this opportunity to thanks our employees for their loyalty, contribution and steadfastness in their respective tasks. My gratitude is extended to all shareholders, customers, associates and business partners for the continuous support and cooperation especially during the years of losses. This inspires all of us at SCIB to build a stronger organization that delivers better performance in future years.

Thank you.

YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo
Non-Independent Non-Executive Chairman

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

Sarawak Consolidated Industries Berhad (**"SCIB"** or **"the Company"**) supports high standards of corporate governance as stipulated in the Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2012 (**"the Code"**). SCIB develops and maintains sound policies and practices as a fundamental part of the Board of Directors' (**"Board"**) responsibility to promote and drive long term sustainable growth. The Board, Management and staff of SCIB remain steadfast and focused in ensuring the highest level of corporate governance taking into account the interests of the investors and all other stakeholders.

The Board is guided by and mindful of the Principles and Recommendations of the Code. The Group will continue to uphold corporate governance practices and endeavor to ensure that the prescriptions of the Principles and Recommendations of the Code are supported and implemented, where applicable and appropriate. The following sections outline the Group's good governance policies and practices.

(A) BOARD OF DIRECTORS

Board Balance and Independence

For the financial year ended 31 December 2015, the Board consists of six (6) members, of whom all are Non-Executive Directors. The Company's Chief Executive Officer, Tuan Haji Zaidi Bin Haji Ahmad is responsible for all day-to-day management and for leading the development and execution of the Company's long and short term plans. The Chief Executive Officer acts as a direct liaison between the Board and the Management and communicates on behalf of the Company to the Board, shareholders, employees, Government Authorities and other stakeholders. For the financial year ended 31 December 2015, the Board comprises the following Directors:

No.	Name	Designation
1	YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo	Non-Independent Non-Executive Chairman
2	YBhg. Datu Ir. Haji Mohidin Bin Haji Ishak *	Independent Non-Executive Director
3	Tuan Haji Soedirman Bin Haji Aini	Non-Independent Non-Executive Director
4	Mr. Lim Nyuk Foh	Non-Independent Non-Executive Director
5	Encik Shamsul Anuar Bin Ahamad Ibrahim *	Independent Non-Executive Director
6	Encik Rewi Hamid Bugo *	Non-Independent Non-Executive Director
7	YBhg. Datu Haji Hamzah Bin Haji Drahman **	Non-Independent Non-Executive Director
8	YBhg. Dato Tan Chung Lok **	Independent Non-Executive Director
9	Mr. Richard Kiew Jiat Fong ***	Independent Non-Executive Director

* Appointed on 1 September 2015
** Resigned on 1 September 2015
*** Resigned on 28 October 2015

Currently, the Board consists of six (6) Non-Executive Directors, of which two (2) are Independent Directors.

The members of the Board possess wide-ranging experiences, skills and expertise in accounting, economics, engineering and business management and are persons of high caliber and integrity, which give added strength to the leadership which is necessary for the effective stewardship of the Group.

Two (2) of the Independent Non-Executive Directors fulfill the criterias of independence as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**"BMSB"**). Encik Shamsul Anuar Bin Ahamad Ibrahim is the Independent Director duly identified by the Board to whom concerns or queries concerning the SCIB Group may be conveyed to.

The Board views that Board membership is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender. The Board does recognize the value of woman member in the Board and will continue to assess the needs to adopt a gender diversity policy or target in due course.

The Group's Independent Non-Executive Directors do not engage in the day-to-day management of the Company and do not participate in any business dealings and are not involved in any other relationship with the Company. This ensures that the Independent Non-Executive Directors remain free of conflict of interest situations and carry out their roles and responsibilities as Independent Directors effectively.

The Company is not in compliance with Recommendation 3.5 of the Code which stipulates that the Board should comprise a majority of independent directors where the Chairman of the Board is not an independent director. Although the Chairman is not an independent director, he is non-executive and is not involved in the day-to-day management of the Group. There is a clear separation of roles and powers of the Chairman and the Management. The Remuneration and Nomination Committee upon assessment of the Board's size and composition was satisfied that the Board's size is appropriate given the scale of the Group's business and operations and the composition well balanced with the right mix of knowledge, skills and attributes constituting an effective Board able to discharge its duties professionally and efficiently.

Directors' Code of Ethics

The Directors observed a code of ethics in accordance with the code of conduct as set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

Roles and Responsibilities of the Board

The Board Members, in discharging their duties are constantly mindful that the interests of our customers, investors and all other stakeholders are well safeguarded.

The Board is responsible for formulating and reviewing the Company's strategic plan and key policies, and to chart the course of the Company's business operations while providing effective oversight of the Management's performance as well as the risk management procedures and key controls.

The principal responsibilities of the Board include the following:

- Formulates the Company's annual business plan and the medium-term and long-term strategic plans;
- Approves the Company's annual budget and carries out periodic review of the progress made by the various operating divisions against their respective business targets;
- Prescribes the minimum standards and establishes policies on the management of credit risks and other key areas of the Company's operations;
- Oversight of the Company's business operations and financial performance;
- Ensures the operating infrastructure, system of controls, systems of risk management, financial controls and operational controls, are in place and properly implemented; and
- Undertakes various functions and responsibilities as required from time to time.

In furtherance, the Board also delegated specific tasks to the Board Committees namely the Audit Committee, Remuneration and Nomination Committee and Risk Management Committee. All the Board Committees have their own terms of reference to deal with particular issues and report back to the Board with the necessary recommendation, if any. The ultimate approval still lies with the entire Board. Certain Board functions are also delegated to the Management and the Board ensures Management is of the highest caliber.

The Independent Non-Executive Directors play a significant role in bringing impartiality and scrutiny to the Board's deliberations and decision-making, and also serve to stimulate and challenge the Management in an objective manner. To further enhance the function of the Independent Non-Executive Directors, the Board has also defined their roles and responsibilities to include the following:

- Provides independent and objective views, assessment and suggestions in deliberations of the Board;
- Ensures effective check and balance in the proceedings of the Board;
- Mitigates any possible conflict of interest between the policy-making process and day-to-day management of the Company; and
- Constructively challenge and contribute to the development of the business strategies and direction of the Company.

STATEMENT ON CORPORATE GOVERNANCE (contd.)

The Directors are at liberty to seek independent professional advice on matters relating to the discharge of their duties. The cost of securing such professional services will be borne by the Company.

Board Meetings and Supply of Information

Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year to facilitate the Directors to plan ahead and organise the next year's Board meetings into their respective schedules.

The Board holds meetings of no less than four (4) times a year as soon as the Company's quarterly and annual results are finalised in order to review and approve the results for submission to Bursa Malaysia Securities Berhad and Securities Commission. Special Board meetings may be convened to consider urgent proposals or matters that require the expeditious review or consideration by the Board. Details of the number of Meetings held and the attendance of each Director can be found in the Report on Directors' and Chief Executive Officer's Profile in this Annual Report.

At the Board meetings, the Board reviews management reports on the business performance of the Company as well as the major subsidiaries, and reviews, inter-alia, the results compared to the preceding month and year-to-date, and also the comparison against pro-rated business targets. As part of the integrated risk management initiatives, the Board also notes the decisions and salient issues deliberated by the Board Committees and main Management Committees through minutes of these Committees' meetings. The Board Members deliberate, and in the process, assess the viability of business propositions and proposals, and the principal risks that may have significant impact on the Company's business or on its financial position, and the mitigating factors. The Board also assesses various types of credit propositions and matters that are required to be submitted to the Board for concurrence or approval, in accordance with the guidelines issued by the Board.

The Chairman of the Audit Committee would inform the Directors at Board meetings, of any salient matters noted by the Audit Committee and which require the Board's notice or direction. To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance to a structured agenda. For effective Board proceedings, the Directors would receive the structured agenda together with comprehensive management reports and proposal papers at least 3 days before the Board meeting. This is to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or the Company Secretary, or to consult independent advisers, if they deem necessary. Confidential papers or urgent proposals are presented and tabled at the Board meetings under supplemental agenda. The Board meeting papers are prepared and presented in a concise and comprehensive format to ensure that the Directors have a complete and relevant depiction of the issues in order that the Board deliberation and decision-making are performed systematically and in a well-informed manner.

The directors remain fully committed and dedicated in fulfilling their duties and responsibilities as reflected by their attendance at Board meetings during the financial year.

Training and Development of Directors

All directors have attended the Mandatory Accreditation Programme (**"MAP"**) assigned by BMSB. The members of the SCIB Board have continued to attend seminars and briefings during the financial year in order to enhance their skills and knowledge, and to keep abreast with changing commercial risks in line with market and economic developments. The Board of Directors are also provided with the Board Policy Manual that contained information including but not limited to the structure of the Group, management and the operation as well as the Directors' duties and obligations.The Directors also keep up-to-date with market developments and related issues through discussion meetings with the other Senior Management Officers. These provide the platforms to disseminate emergent strategic directions and ideas as well as intellectual interactions which enhance the knowledge and relevance of the Directors. The Company Secretary facilitates the organisation of internal training programmes and Directors' attendance in external programmes, and keeps a complete record of the training received or attended by the Board of Directors. The details of directors' training participated during the financial year are highlighted in the Directors' and Chief Executive Officer's Profile report herein this Annual report.

Time Commitment of Directors

Directors are at liberty to accept other board appointments so long as such appointments are not in conflict with the business of the Group and do not adversely affect the Directors' performance and contributions as a member of the Board and Board Committee.

Re-Appointment and Re-Election of Directors

The Remuneration and Nomination Committee will consider and recommend to the Board for the continuation in service of those Directors who are due for re-election/re-appointment.

Pursuant to Section 129(6) of the Companies Act 1965, the office of a director of or over the age of 70 years becomes vacant at every AGM unless he is re-appointed by a resolution passed at such AGM of which no shorter notice than that required for the AGM has been given and the majority by which such resolution is passed is not less than three fourths (3/4) of all members present and voting at such AGM.

The Articles of Association of SCIB provide that at every annual general meeting of SCIB, one-third of Directors for the time being and those appointed during the financial year shall retire from office and shall be eligible for re-election. The Articles further provide that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. The re-appointment and re-election of Directors at the annual general meeting of SCIB is subject to the prior assessment by the Remuneration and Nomination Committee and the recommendations thereafter submitted to the Board for approval or the Director concerned to continue to hold office.

The Board does not fix a maximum tenure limit for Directors as the Board is of the view that there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's affairs. The Board is of the view that there is no need to set a time-frame on how long an Independent Director should serve on the Board in view of the following reasons:

- The ability of a Director to serve effectively as an Independent Director is very much a function of his calibre, qualification, experience and personal qualities, and has no compelling relationship to his tenure as an Independent Director; and
- The Board conducts annual assessment of Independent Directors in respect of inter-alia their skills, experience and contributions, and whether the Independent Directors are able to discharge their duties with unbiased judgement.

(B) BOARD COMMITTEES

To assist the Board in discharging its duties, the Board has established several Board Committees whose compositions and terms of reference are in accordance with the best practices prescribed by the Code. The functions and terms of reference of Board Committees and Management Committees, as well as authority delegated by the Board to these Committees, have been approved by the Board, and are reviewed from time to time to ensure that they are relevant and up-to-date.

The Board Committees of SCIB are as follows:

- Remuneration and Nomination Committee
- Audit Committee
- Risk Management Committee

STATEMENT ON CORPORATE GOVERNANCE (contd.)

Details of the Board members' participation in the various Board Committees are set out below:-

Directors	Audit Committee	Remuneration and Nomination Committee	Risk Management Committee
YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo *	-	Chairman	-
YBhg. Datu Ir. Haji Mohidin Bin Haji Ishak **	Member	Member	Member
Tuan Haji Soedirman Bin Haji Aini ***	-	-	Chairman
Mr. Lim Nyuk Foh	-	-	-
Encik Shamsul Anuar Bin Ahamad Ibrahim ****	Chairman	Member	Member
Encik Rewi Hamid Bugo *****	Member	Member	Member
YBhg. Datu Haji Hamzah Bin Haji Drahman ******	Member	Member	Chairman
YBhg. Dato Tan Chung Lok ******	Member	Chairman	Member
Mr. Richard Kiew Jiat Fong *******	Chairman	Member	Member

* *Appointed as Chairman of Remuneration and Nomination Committee with effect from 28 October 2015*

** *Appointed as Member of Audit Committee, Remuneration and Nomination Committee and Risk Management Committee with effect from 1 September 2015*

*** *Appointed as Chairman of Risk Management Committee with effect from 28 October 2015*

**** *Appointed as Member of Audit Committee, Remuneration and Nomination Committee and Risk Management Committee with effect from 1 September 2015 and re-designated as Chairman of Audit Committee with effect from 28 October 2015*

***** *Appointed as Member of Audit Committee with effect from 28 October 2015 and Member of Risk Management Committee with effect from 4 April 2016*

****** *Resigned on 1 September 2015*

******* *Resigned on 28 October 2015*

All proceedings, matters arising, deliberations in terms of the issue discussed, and recommendations made by the Board Committees at the Committees' meetings are recorded in the minutes by the Company Secretary, confirmed by the Board Committees, signed by the Chairman of the said Committees. Upon invitation, Management representatives were present at the Board Committees' meetings to provide additional insight into matters to be discussed during the said committee meetings, if so required.

All the Board Committees do not have executive powers but to report to the Board on all matters considered and their recommendations thereon. The Board has approved the terms of reference of each Committee, and where applicable, these comply with the Recommendations of the Code.

The salient terms of reference and frequency of meetings of the Board Committees are as follows:

- *Audit Committee*
  - The terms of reference of the Audit Committee are set out under the Audit Committee Report in this Annual Report; and
  - The Audit Committee meets at least four (4) times a year.

- *Remuneration and Nomination Committee*
  - The terms of reference of the Remuneration and Nomination Committee are set out in the paragraph on "Appointment of Board Members and Terms of Reference of the Remuneration and Nomination Committee" in this Statement on Corporate Governance; and
  - The Remuneration and Nomination Committee meets as and when required, and at least once a year.

- *Risk Management Committee*
  - Oversees the overall management of all risks covering market risk management, liquidity risk management, credit risk management and operational risk management;
  - Reviews and approves risk management policies and risk tolerance limits;
  - Ensures infrastructure, resources, processes and systems are in place for risk management; and
  - The Risk Management Committee holds at least two (2) meetings a year.

Appointment of Board Members and Terms of Reference of Remuneration and Nomination Committee

The Remuneration and Nomination Committee will recommend candidates for all directorships to be filled to the Board. The new Directors will undergo a familiarisation programme, which includes presentation of an overview of the Group's profile, products, factories and track records to facilitate the new Directors' understanding of the SCIB Group. The Company Secretary will ensure that all appointments of new Director are properly carried out and all legal and regulatory obligations are met.

The Remuneration and Nomination Committee comprises three (3) Non-Executive Directors, the majority of whom are independent. Meetings of the Remuneration and Nomination Committee are held as and when required, and at least once a year.

The Remuneration and Nomination Committee will recommend the proposed appointment of a new Director and the re-appointment of Directors upon the expiry of their respective tenures of office for approval of the Board. The Remuneration and Nomination Committee will evaluate the person's ability to discharge such responsibilities/ functions as expected from an Independent Non-Executive Director, and whether a Director is independent as defined in the guidelines issued in the Main Market Listing Requirements of BMSB.

The terms of reference of the Remuneration and Nomination Committee are as follows:
- To establish the minimum requirements on the skills, knowledge, expertise, experience, qualifications and other core competencies of a Director and Senior Management;
- To assess and recommend to the Board technically competent persons of integrity with strong sense of professionalism for appointment as Directors;
- In the case of persons for the position of Independent Non- Executive Director, to evaluate the persons' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors;
- To assess and recommend to the Board, the re-appointment of Directors upon the expiry of their respective terms of appointment;
- To oversee the overall composition of the Board in terms of appropriate size, required mix of skills, experience and core competencies, and adequacy of balance between Executive Directors, Non-Executive Directors and Independent Directors through annual review;
- To determine annually whether a Director is independent as may be defined in the guidelines as stated in the Main Market Listing Requirements of BMSB;
- To establish the mechanisms for the formal assessment on the effectiveness of the Board as a whole, the effectiveness and performance of each Director. The annual assessment to be conducted would be based on objective performance criteria as approved by the Board;
- To ensure that all Directors receive appropriate continuous training programmes in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements;
- To recommend to the Board the removal of a Director if he is ineffective, errant or negligent in discharging his responsibilities;
- To oversee the appointment, management succession planning and performance evaluation of the key Senior Management Officers;
- To recommend to the Board the removal of key Senior Management Officers if they are ineffective, errant or negligent in discharging their responsibilities;
- To assess and recommend to the Board, the terms of reference of Board Committees and to review the adequacy of committee structure of Board Committees;
- To review annually and recommend to the Board the overall remuneration policy for Directors and key Senior Management Officers to ensure that rewards commensurate with their contributions to the Company's growth and profitability, and that the remuneration policy supports the Company's objectives and shareholder value and is consistent with the Company's culture and strategy;
- To review annually the performance of the Executive Directors and recommend to the Board specific adjustments in remuneration and/or reward payments if any, reflecting their contributions for the year; and

STATEMENT ON CORPORATE GOVERNANCE (contd.)

which are competitive and consistent with the Company's objectives, culture and strategy;
- To ensure that the level of remuneration for Non-Executive Directors and Independent Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board;
- Keeps abreast of the terms and conditions of service of the Executive Directors and key Senior Management Officers including their total remuneration package for market comparability, and reviews and recommends changes to the Board whenever necessary;
- Keeps abreast of the remuneration packages for Members of Board Committees to ensure that they commensurate with the scope of responsibilities held and reviews and recommends changes to the Board whenever necessary; and
- To carry out such other responsibilities as may be specified by or delegated by the Board from time to time.

The Remuneration and Nomination Committee upon its recent annual review carried out, was satisfied that the size of the Board is optimum and that there is appropriate mix of knowledge, skills, attributes and core competencies in the composition of the Board. The Remuneration and Nomination Committee was satisfied that all the members of the Board are suitably qualified to hold their positions as Directors in view of their respective academic and professional qualifications, experience and qualities. Furthermore, all the Directors have been assessed as complying with the standards for "fit and proper" criteria. The Independent Directors had also been assessed as complying with the definition of Independent Director as defined in the Main Market Listing Requirements of BMSB.

The Remuneration and Nomination Committee had also reviewed the Board Members' directorships in companies other than SCIB; the number of directorships held are well within the restriction of not more than five (5) directorships in public listed companies as stated in the Main Market Listing Requirements of BMSB.

All assessments and evaluations carried out by the Remuneration and Nomination Committee in the discharge of all its functions shall be properly documented. The Remuneration and Nomination Committee and the Board shall assess the independence of all independent directors annually.

The Remuneration and Nomination Committee carries out the annual review of the overall remuneration policy for Directors and key Senior Management Officers whereupon recommendations are submitted to the Board for approval. The Remuneration and Nomination Committee and the Board ensure that the Company's remuneration policy remains supportive of its corporate objectives and is aligned with the interest of shareholders, and further that the remuneration packages of Directors and key Senior Management Officers are sufficiently attractive to draw in and to retain persons of high calibre. The Remuneration and Nomination Committee reviews annually the performance of the Executive Directors and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year, and which are competitive and are in tandem with the Company's corporate objectives, culture and strategy. The Board as a whole determines the remuneration of Non- Executive Directors, and each individual Director abstains from the Board decision on his own remuneration.

The Directors are paid annual fees and attendance allowance for each Board meeting that they attend. The disclosure of the remuneration of the Executive Directors and Non-Executive Directors of the Group for the financial year ended 31 December 2015 is set out in Note 11 of the Notes to the Financial Statements of this Annual Report.

(C) COMPANY SECRETARY

The Company Secretary is qualified secretary as required pursuant to the Malaysian Companies Act 1965. The Company Secretary is a member of the Malaysian Association of Institute of Chartered Secretaries and Administrators (**MAICSA**). She is competent in carrying out her work and plays supporting and advisory roles to the Board with the assistance of the Management. She ensures adherence and compliance to the procedures and regulatory requirements from time to time.

(D) SHAREHOLDERS AND INVESTORS' RELATIONS

We maintain a regular policy of disseminating information that is material for shareholders' information via announcements made to Bursa Malaysia Securities Berhad (**"BMSB"**). In compliance with the Main Market Listing Requirements of BMSB, the Company also releases timely financial information on a quarterly basis, which includes an overview of the performance of SCIB Group.

In addition, the Company also put in place electronic facility to enable communication with shareholders via its website www.scib.com.my. Shareholders can access to and obtain all information (operational, financial, corporate governance and investor relations aspects) on SCIB Group by accessing this website. All announcements made by the Company and information that are relevant to the shareholders and investors are available in this website.

The Annual General Meeting (**"AGM"**) is the principal forum for dialogue with shareholders who are encouraged and given sufficient opportunity to enquire about the Group's activities and prospects as well as communicate their expectations and concerns. Each item of special business included in the Notice of Annual General Meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate evaluation of the proposed resolution.

Encik Shamsul Anuar Bin Ahamad Ibrahim is the appointed Independent Director to whom concerns may be conveyed to.

Shareholders are encouraged to put forward their questions on the proposed resolutions tabled at the general meetings. Members of the Board, the external auditors, senior management and/or advisers of the Company are present to answer queries raised at the general meetings.

The Board is of the view that based on the current level of shareholders' attendance at general meetings, voting by show of hands continues to be efficient. The shareholders were informed of their rights to demand a poll vote at the commencement of the general meetings.

(E) ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors aim to present a clear, balanced and understandable assessment of SCIB Group's financial position, performance and prospects in presenting its annual financial statements and quarterly announcements to shareholders. These financial statements are drawn-up in accordance with the provisions of the Companies Act 1965, Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards and are reviewed by the Audit Committee prior to approval by the Board. In compliance with statutory requirements, the annual accounts are subjected to audit by an independent external auditor.

Risk Management and Internal Control

The Board acknowledges their responsibility for SCIB Group's system of risk management and internal control, which is designed to identify and manage the risks of the businesses of SCIB Group, in pursuing of its objectives. The system of risk management and internal control spans over financial, operational and compliance aspects, particularly to safeguard SCIB Group's assets and hence shareholders' investments. In executing this responsibility, the Board via the Audit Committee and the in-house internal audit department, has adopted procedures to monitor the ongoing adequacy and integrity of the system of risk management and internal control.

Information on SCIB Group's system of risk management and internal control is presented in the Statement on Risk Management and Internal Control in this Annual Report.

Relationship with the Auditors

The external auditors, Messrs. Ernst & Young have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. There have not been any non-audit services that have compromised their independence as external auditors of SCIB.

Messrs. Ernst & Young and the audit team are competent in carrying out their work and they have the necessary audit experience in the industry in which SCIB Group operates. Messrs. Ernst & Young are registered with Audit Oversight Board.

Through the Audit Committee, SCIB Group has established a formal and transparent relationship with the external auditors.

(F) SUSTAINABILITY

The Group is committed to operate its business in accordance with environmental, social and economic responsibility.

The Company recognizes the importance of environment in which it operates in and place its best effort to become an environmentally responsible corporate citizen. Further details can be found in the Report on Corporate Social Responsibility of this annual report.

(This Statement on Corporate Governance is made in accordance with a resolution of the Board of Directors dated 4 April 2016)

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board of Directors is required under the Main Market Listing Requirements of BMSB, to issue a statement explaining their responsibility for preparation of the annual audited financial statements.

The Directors are also required by the Companies Act 1965 to prepare financial statements for each financial year which gives a true and fair view of the financial position of the Group and of the Company as at the financial year end and their financial performance and the cash flows for the financial year then ended.

The Directors considered that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2015 contained in this Annual Report, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. The Directors also considered that all Malaysian Financial Reporting Standards and International Financial Reporting Standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the provisions of the Companies Act 1965.

(This Statement of Directors' Responsibility is made in accordance with a resolution of the Board of Directors dated 4 April 2016.)

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee (**"Committee"**) comprises the following Directors:

Encik Shamsul Anuar Bin Ahamad Ibrahim *
Chairman/Independent Non-Executive Director

YBhg Datu Ir. Haji Mohidin Bin Haji Ishak **
Member/Independent Non-Executive Director

Encik Rewi Hamid Bugo ***
Member/Non-Independent Non-Executive Director

Mr Richard Kiew Jiat Fong ****
Chairman/Independent Non-Executive Director

YBhg Dato Tan Chung Lok *****
Member/Independent Non-Executive Director

YBhg Datu Haji Hamzah Bin Haji Drahman *****
Member/Non-Independent Non-Executive Director

*	*Appointed as a Member with effect from 1 September 2015 and redesignated as Chairman with effect from 28 October 2015*
**	*Appointed as a Member with effect from 1 September 2015*
***	*Appointed as a Member with effect from 28 October 2015*
****	*Ceased to be Chairman with effect from 28 October 2015*
*****	*Ceased to be Member with effect from 1 September 2015*

TERMS OF REFERENCE

Objectives

The Committee shall give assurance to the shareholders of Sarawak Consolidated Industries Berhad (**"Company"**) that compliance with specified financial standards and disclosure policies developed and administered by Bursa Malaysia Securities Berhad are being adhered to. In addition, the Committee shall assure that certain standards of corporate responsibility, integrity and accountability to the Company's shareholders are being inculcated in the duties and responsibilities of the Board of Directors of the Company.

Composition

The Committee shall be appointed by the Board of Directors and shall consist of not less than three (3) members, all of whom shall be non-executive directors. The majority of the Committee members shall be independent directors.

The Chairman of the Committee shall be approved by the Board of Directors and shall be an independent non-executive director.

Frequency of Meetings and Quorum

Meetings shall be held not less than four (4) times a year. The Committee may invite any person to any particular Audit Committee meeting, specific to the relevant meeting. A quorum shall consist of two (2) members. The majority shall be independent directors.

AUDIT COMMITTEE REPORT (contd.)

Authority

a. The Committee is authorized by the Board of Directors to investigate any activities within its terms of reference, having full and unrestricted access to any information pertaining to Sarawak Consolidated Industries Berhad and its group of companies (**"Group"**).

b. The Committee shall have the necessary resources which are required to perform its duties and shall have direct communication channels with the external auditors, person(s) carrying out the internal audit function or activity and independent professional advice if it considers necessary.

c. The Committee shall, upon request of the external auditor, convene meeting of the Audit Committee, excluding the attendance of the Executive Directors if deemed necessary, to consider any matter the external auditor believes should be brought to the attention of the Board of Directors or shareholders.

Responsibilities and Duties

The responsibilities and duties of the Committee shall be to review:

a. with the external and internal auditors: their respective audit plans, scope of their audits, the audit reports – management letters, major findings and Management's responses thereof, and their evaluation of the Group's risk management and internal control system;

b. the assistance given by the Group's employees to both the external and internal auditors;

c. the effectiveness of the system of internal control, including the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;

d. the audit fees proposed by the external auditors;

e. the performance of the external auditors and to make recommendations to the Board of Directors on their appointment and removal;

f. the appointment, replacement and dismissal of the Chief Internal Auditor;

g. the performance and remuneration of the internal auditors;

h. the quarterly and annual financial statements of the Company and the Group for recommendation to the Board of Directors for approval, focusing particularly on:

   - Changes in or implementation of new accounting policies and practices;
   - Significant adjustments arising from the audit;
   - The going concern assumption; and
   - Compliance with the applicable approved accounting standards and other legal and regulatory requirements;

i. the adequacy and effectiveness of risk management, internal control and governance systems instituted in the Company and the Group;

j. any related party transactions (**"RPT"**) that may arise within the Company and the Group;

k. to verify the allocation of options to employees under the relevant criteria imposed by the Company's Share Option Scheme; and

l. any other functions as may be agreed to by the Committee and the Board of Directors, or as may be required or empowered by statutory legislation or guidelines issued by the relevant governing authorities.

AUDIT COMMITTEE REPORT (contd.)

SUMMARY OF ACTIVITIES

The following activities were carried out by the Committee during the 12-month period ended 31 December 2015 in discharging its duties and functions:

a. Attendance of Meetings

Four (4) Audit Committee meetings were held during the 12-month period ended 31 December 2015, namely on 25 February 2015, 25 May 2015, 21 August 2015 and 30 November 2015 respectively. The details of attendance of each member at the Audit Committee meetings are as follows:

Name of Committee Members	Attendance at Committee Meetings
Encik Shamsul Anuar Bin Ahamad Ibrahim *Chairman/Independent Non-Executive Director*	1/1
YBhg Datu Ir. Haji Mohidin Bin Haji Ishak *Member/Independent Non-Executive Director*	1/1
Encik Rewi Hamid Bugo *Member/Non-Independent Non-Executive Director*	1/1
Mr Richard Kiew Jiat Fong *Chairman/Independent Non-Executive Director*	3/3
YBhg Dato Tan Chung Lok *Member/Independent Non-Executive Director*	3/3
YBhg Datu Haji Hamzah Bin Haji Drahman *Member/Non-Independent Non-Executive Director*	3/3

b. Financial Reporting

Reviewed the interim and annual financial statements of the Company and the Group prior to recommending them for approval by the Board of Directors.

c. Internal Audit

i. Reviewed the annual audit plan to ensure adequate scope and coverage on the activities of the Company and the Group, taking into consideration the assessment of key risk areas; and

ii. Reviewed the internal audit reports, audit recommendations made and Management's responses thereof. Where appropriate, the Committee has directed action to be taken by Management to rectify and improve the risk management and internal control system and procedures, based on internal audit's recommendations and suggestions for improvement.

d. External Audit

i. Reviewed the external auditors' scope of work and audit plan for the year;

ii. Reviewed with external auditors the results of the audit and the audit report in particular, and accounting issues and significant audit adjustments arising from the external audit; and

iii. Evaluated the performance of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration.

AUDIT COMMITTEE REPORT (contd.)

e. **Risk Management**

Reviewed the risk management activities and the adequacy and effectiveness of risk management, internal control and governance systems instituted in the Company and the Group.

f. **Related Party Transactions**

Reviewed the related party transactions entered into by the Company and the Group, on a quarterly basis.

INTERNAL AUDIT FUNCTION

The Committee is supported by Internal Audit in the discharge of its duties and responsibilities. The role of Internal Audit is to undertake independent regular and systematic reviews of the risk management and internal control system so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively.

The internal audits cover the review of the adequacy of operational control, risk management, compliance with established internal financial policies and operational procedures and guidelines, amongst others. A risk based approach is adopted for all audits. The audits ensure that the instituted control is appropriate, effectively applied and achieve acceptable risk exposures consistent with the Group's risk management policy.

In particular Internal Audit has, under the remit of the Committee, conducted internal audits and submitted four (4) quarterly reports on the internal audit work performed on operating units, encompassing the various areas of operations, including IBS and Roofing Tile operations, and ISO 9001: 2008 Quality Management System. Where any significant weaknesses were identified, measures were taken to rectify and improve the risk management and internal control accordingly.

The overall review of the risk management and internal control system revealed that internal control and policies were generally sound and sufficient, and functioning satisfactorily.

The total costs incurred for the Internal Audit function in respect of the financial year ended 31 December 2015 were RM142,000. The Chief Internal Auditor was identified as the head of internal audit function who shall report directly to the Audit Committee and shall be responsible for the regular review and/or appraisal of effectiveness of the risk management, internal control and governance processes within the Group.

(This Audit Committee Report is made in accordance with a resolution of the Board of Directors dated 4 April 2016.)

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RESPONSIBILITY

The Board of Directors (**"Board"**) affirms its overall responsibility for the risk management and internal control system for Sarawak Consolidated Industries Berhad (**"Company"**) and its group of companies (**"Group"**), and for continually reviewing its adequacy and effectiveness to safeguard shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

The Group maintains a sound system of risk management and internal control that covers finance, operations, governance and risk management. The Board believes that the system of risk management and internal control should provide reasonable assurance in achieving its corporate objectives as the Board acknowledges the limitations that are inherent in such a system. The Group's system of risk management and internal control is designed to manage rather than to eliminate the risk of failure in achieving corporate objectives. Accordingly, it can only provide reasonable assurance but not absolute assurance against material misstatements, financial losses or fraud.

The Board is pleased to set out below the Statement on Risk Management and Internal Control, outlining the nature and scope of risk management and internal control of the Group, which complies with Paragraph 15.26 (b) of Bursa Malaysia Securities Berhad Listing Requirements and the Malaysian Code on Corporate Governance.

GROUP RISK MANAGEMENT GOVERNANCE AND FRAMEWORK

A sound system of risk management and internal control incorporates the need to have an appropriate risk assessment framework, identification of internal control to manage and control these risks, implementation of an effective information and communications system, and an ongoing process for monitoring the continuing adequacy and effectiveness of the system of risk management and internal control.

As such, the Board has implemented a Risk Management Framework within the Company and the Group in order to minimize the potential for undesired risk exposures for the benefit of shareholders and other stakeholders.

The formalization of the Risk Management Framework involved the setting up of the Risk Management Committee, which was established to undertake a risk assessment exercise and to draw up risk management action plans in order to identify, evaluate and manage the significant risks faced by the Group.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The process is regularly reviewed by the Board, which would include on its agenda the management of significant risks that may impede business objectives. Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and by designing, implementing and monitoring internal control in order to mitigate and control these risks.

Four (4) Risk Management Committee meetings were held during the 12-month period ended 31 December 2015, namely on 25 February 2015, 25 May 2015, 21 August 2015 and 30 November 2015, with agendas encompassing the following areas:

- Reviewing and monitoring the status of the adopted risk management action plans under the strategy mapping of the Group's Risk Management Framework, which relates and links the three Company Missions, i.e., Economic Mission, Product Mission and Special Mission, to the strategy mapping;

- Reviewing the significant business risks and operational risks faced by the Group and the risk profile of the Group; and

- The adequacy, effectiveness and relevance of the risk management action plans were reviewed as part of the on going risk management process and revisions were made and adopted as appropriate.

The Risk Management Committee reports to the Audit Committee on the status of the approved risk management practices. The Audit Committee, in turn, updates the Board on the status of the risks and controls.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (contd.)

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

Other key processes that have been established in reviewing the adequacy and effectiveness of the risk management and internal control system include the following:

- **Compliance:** The Group's Accounting and Administration Regulations and Policies, Staff Manual and ISO 9001: 2008 Quality Management System documentation clearly outline the operating procedures that cover finance, human resources and operations. Internal audit reviews are conducted at regular intervals to monitor compliance with the procedures and assess the integrity of information provided.

- **Financial Performance:** Interim financial results are reviewed by the Audit Committee and approved by the Board, together with the annual budgets and forecasts. The variance between actual and budgeted results is analysed for effective Management actions thereafter, and presented to the Audit Committee and the Board.

- **Authority Level:** The Board clearly defines delegated authority levels for revenue and capital expenditure. The approval of capital and revenue proposals exceeding authorized limits requires decision by the Board. Comprehensive appraisal procedures apply to all major investment decisions.

- **Accountability and Reporting:** The Group has a clear line of accountability, approval and reporting procedures taking into consideration segregation of duties and other control procedures. These procedures are communicated throughout the Group.

INTERNAL AUDIT FUNCTION

The Board, via the Audit Committee, monitors the risk management and internal control system through quarterly reviews, which is undertaken by Internal Audit. The reviews include a balanced assessment of the significant risks and the adequacy and effectiveness of the risk management and internal control system of the Group. Where any significant weaknesses were identified, Internal Audit, together with input from the Management, would recommend measures to improve the risk management and internal control accordingly.

Further details of the activities of Internal Audit are set out in the Audit Committee Report.

ASSURANCE FROM MANAGEMENT

The Board has received reasonable assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's Risk Management Framework and internal control system are operating adequately and effectively, in all material respects, based on the risk management and internal control system of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the year ended 31 December 2015 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

(This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors dated 4 April 2016.)

ADDITIONAL COMPLIANCE INFORMATION

1. **Share Buy-Back**
   During the financial year ended 31 December 2015, the Company did not enter into any share buy-back transactions.

2. **Options, Warrants or Convertible Securities**
   There were no options, warrants or convertible securities issued or exercised during the financial year ended 31 December 2015.

3. **Depository Receipt Programme**
   The Company did not sponsor any Depository Receipt Programme.

4. **Sanctions and/or Penalties Imposed**
   Since the end of the previous financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

5. **Non-Audit Fees Paid to External Auditors**
   The amount of non-audit fees paid to external auditors or a firm or corporation affiliated to the external auditors by the Company and its subsidiaries for the financial year ended 31 December 2015 amounted to RM29,020.

6. **Variation in Results**
   There was no variance of 10% or more between the results for the financial year ended 2015 and the unaudited results previously announced.

7. **Profit Guarantee**
   There was no profit guarantee given by the Company during the financial year ended 2015.

8. **Status of Utilisation of Proceeds raised from Corporate Proposal**
   For the financial year ended 31 December 2015, there were no proceeds raised by the Company from any corporate proposals.

9. **Material Contracts or Loans with Related Parties**
   There were no material contracts or loans entered by the Company and its subsidiaries involving Directors and substantial shareholders' interests either subsisting at the end of the financial year or entered into since the end of previous financial year.

10. **Recurrent Related Party Transactions**
    The type and value of recurrent related party transactions are disclosed in Note 29 of the Notes to the Financial Statement of this Annual Report.

11. **Disclosure of realized and unrealized profits or losses**
    The breakdown of the realized and unrealized profits or losses as at 31 December 2015 are disclosed in Note 36 of the Notes to the financial statements for the year ended 31 December 2015 of this Annual Report.

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

SCIB's CSR mission statement is to operate in a way that actively recognizes the central role that business plays in the structure of society to improve the quality of life of a broad community. SCIB's overall practice of CSR takes on four main focal areas namely the workplace, the community, the environment and the marketplace.

THE WORKPLACE
We acknowledge that employees are the key to successful business operations and we value and care for all aspects of their wellbeing.

Safer Workplace Initiative

We strive to provide a safe, healthy and quality working environment for our employees through various efforts as follows:

Health & Safety Committee
Health & Safety Committee has been established and meets regularly to identify, evaluate and control safety issues and foreseeable risks at our workplace.

Safety talks and training
Safety talks are conducted throughout the year by experienced staff to create awareness on the importance of personal safety and hygiene. Staffs are also provided with the opportunity of attending safety training courses to further enhance their knowledge on health and safety at workplace. We also progressively upgrade our factory facilities and infrastructures to provide a favourable working environment.

Human resource development

We ensure there are growth, development and progression opportunities for our employees through in-house training, seminar, workshops and talks. This will equip them with latest job-related updates and learning. A total of 272 employees have benefited from the 38 trainings both internal and external conducted over the year.

We also provide the opportunity of department rotation to our employees where they are able to expand their knowledge, experience and expertise in various job scopes. During the year, 7 employees were promoted and 20 employees were transferred to other departments or job functions for further development.

Educational assistance

We are committed in providing educational opportunities to our employees. Financial aids have been provided to our employees to support their quest for further education learning.

True Spirit of Giving -Tabung SCIB

Tabung SCIB, established in 2003, is a true spirit of giving by all employees of SCIB on monthly basis in which SCIB also contributes to the fund on a 1 to 1 basis. It is governed by staff representatives with the objectives to assist child education through offer of scholarships, to provide loan to employees during emergencies and to assist the less privileged. Cash rewards were also given to children of our employees who achieve excellent academic results in the school year end examinations as well as in public examinations such as UPSR, PMR and SPM. During the year under review, 152 children have benefited from Tabung SCIB.

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (contd.)

Appreciate Our Employees

Labour Day celebration is organized to show our appreciation of employees' efforts and contributions to SCIB while encouraging networking and socializing between colleagues. On 12th December 2015, SCIB gathered all employees for dinner at Kelab Golf Sarawak. It was a heartwarming and fun-filled event to cherish. This also serves to promote greater togetherness and interactions among our employees. The night was filled with beautiful music, interesting performance, enjoyable games, pleasing food and exciting prizes in lucky draws.

Healthy lifestyle

In order to encourage our employees to adopt healthy lifestyle, SCIB also subsidized some social and recreational events such as Pustaka Run 2015 which was participated by our employees. The Company also practices a Non-Smoking policy in the office and factory premises.

THE COMMUNITY

We believe that Companies live within the community and they are inter-dependent of one another.

SCIB Volunteers

Our employees have shown great spirit of volunteerism in various fund raising activities organized by the Sarawak Cheshire Home, Kuching Autistic Association and Sarawak Society for Parents of Children with Special Needs (PIBAKAT) by setting up food stores sponsored by the Company.

Training for tomorrow

Throughout 2015 SCIB provides industrial training for 13 undergraduates from local institutions of higher learning in the areas of Civil Engineering, Design and Business Study for duration between 3-4 months, giving them learning opportunities to improve their practical knowledge and field exposure.

THE ENVIRONMENT

We also recognize the importance of environment in which we operate in and place our best effort to become an environmental responsible corporate citizen.

Save the Trees

We have invested in our information technology system to reduce the usage of paper in our daily operations and also practice recycling paper waste.

Save energy

We encourage employees to switch off non-essential electrical machinery, equipment and appliance when not in use.

Recycle of waste

We recycle waste materials back to production if they are reusable otherwise, we sell to scrap collectors who might be able to use them.

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (contd.)

THE MARKETPLACE

We continuously try to add value to our stakeholders by way of engaging in ethical procurement procedures, enhancing good management practices, internal control systems, promoting information sharing and transparency, emphasizing on corporate accountability, corporate governance, reputation, business trust and integrity. In line with good corporate governance practice, we maintains a high level of transparency in dealing with various stakeholders via various communication channels such as regular meeting, timely disclosure to Bursa Malaysia Securities Berhad, annual general meeting and annual report.




SARAWAK CONSOLIDATED INDUSTRIES BERHAD
(Company No 25583-W)

Directors' Report and Audited Financial Statements

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

Principal activities

The principal activities of the Company are investment holding and provision of management services to the subsidiaries. The principal activities of the subsidiaries are described in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM	Company RM
Profit/(loss) net of tax	240,357	(2,192,570)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo	
YBhg. Datu Haji Mohidin Bin Haji Ishak	(Appointed on 1 September 2015)
Haji Soedirman Bin Haji Aini	
Lim Nyuk Foh	
Shamsul Anuar Bin Ahamad Ibrahim	(Appointed on 1 September 2015)
Rewi Hamid Bugo	(Appointed on 1 September 2015)
YBhg. Dato' Tan Chung Lok	(Resigned on 1 September 2015)
YBhg. Datu Haji Hamzah Bin Haji Drahman	(Resigned on 1 September 2015)
Richard Kiew Jiat Fong	(Resigned on 28 October 2015)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 29 to the financial statements.

Directors' interest

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	As at 1.1.2015/ Date of appointment	Bought	Sold	As at 31.12.2015
Direct interest:				
Number of ordinary shares of RM1 each				
YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo	3,253,500	159,100	-	3,412,600
Lim Nyuk Foh	17,771,100	3,375,000	(4,498,000)	16,648,100
YBhg. Datu Haji Mohidin Bin Haji Ishak	-	10,000	-	10,000
Rewi Hamid Bugo	2,088,300	-	-	2,088,300
Indirect interest:				
Number of ordinary shares of RM1 each				
YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo	11,369,900	-	-	11,369,900
Lim Nyuk Foh	3,646,385	-	-	3,646,385
Rewi Hamid Bugo	9,281,600	-	-	9,281,600

YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo, Lim Nyuk Foh and Rewi Hamid Bugo by virtue of their interests in shares in the Company, are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT (contd.)

Other statutory information (contd.)

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 4 April 2016.

YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo

Shamsul Anuar Bin Ahamad Ibrahim

STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

We, **YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo and Shamsul Anuar Bin Ahamad Ibrahim**, being two of the directors of **Sarawak Consolidated Industries Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 48 to 110 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 36 to the financial statements has been prepared in accordance with the Guidance on 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, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 4 April 2016.

YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo

Shamsul Anuar Bin Ahamad Ibrahim

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, **Haji Zaidi Bin Haji Ahmad**, being the officer primarily responsible for the financial management of **Sarawak Consolidated Industries Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 48 to 111 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed **Haji Zaidi Bin Haji Ahmad**
at Kuching in the State of Sarawak
on 4 April 2016.

Haji Zaidi Bin Haji Ahmad

Before me,
Evelyn Lau Sie Jiong
Commissioner For Oaths
No. 10, Lot 663, Ground Floor,
Lorong 2, Jalan Ong Tiang Swee,
93200 Kuching, Sarawak

INDEPENDENT AUDITORS' REPORT

to the Members of Sarawak Consolidated Industries Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of **Sarawak Consolidated Industries Berhad.**, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 110.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 36 on page 111 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

AU YONG SWEE YIN
3101/02/18 (J)
Chartered Accountant

Kuching, Malaysia
Date: 4 April 2016

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Revenue	4	65,871,924	64,574,438	2,344,750	3,549,844
Cost of sales	5	(52,721,760)	(51,806,991)	-	-
Gross profit		13,150,164	12,767,447	2,344,750	3,549,844
Other items of income					
Interest income	6	56,549	119,307	17,034	18,062
Other income	7	210,859	1,181,616	-	515,452
Other items of expense					
Selling and distribution expenses		(5,678,031)	(4,577,412)	-	-
Administrative and other expenses		(5,803,868)	(10,758,155)	(4,535,190)	(2,862,306)
Finance costs	8	(1,320,550)	(1,254,406)	(19,164)	(55,891)
Share of results of associate		(381,266)	(411,339)	-	-
Profit/(loss) before tax	9	233,857	(2,932,942)	(2,192,570)	1,165,161
Income tax expense	12	6,500	(6,500)	-	-
Profit/(loss) net of tax, representing total comprehensive income for the year		240,357	(2,939,442)	(2,192,570)	1,165,161
Total comprehensive income attributable to equity holders of the Company		240,357	(2,939,442)	(2,192,570)	1,165,161
Earnings per share: Profit/(loss) attributable to equity holders of the Company (sen per share):					
Basic and diluted	13	0.33	(3.99)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	40,292,453	43,758,142	5,451,534	5,561,779
Investment properties	15	2,060,449	1,886,472	-	-
Investment in subsidiaries	16	-	-	37,272,687	39,300,041
Investment in associate	17	1,755,468	2,136,734	-	-
		44,108,370	47,781,348	42,724,221	44,861,820
Current assets					
Inventories	18	17,097,694	16,558,324	-	-
Trade and other receivables	19	16,913,144	21,791,887	46,952	70,352
Other current assets	20	294,884	661,943	17,682	20,551
Cash and bank balances	22	5,938,099	3,273,578	438,713	763,784
		40,243,821	42,285,732	503,347	854,687
TOTAL ASSETS		84,352,191	90,067,080	43,227,568	45,716,507
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	23	9,132,623	6,404,870	166,842	153,091
Trade and other payables	24	13,306,178	22,540,496	289,278	570,037
Other current liabilities	25	1,118,693	734,537	-	-
		23,557,494	29,679,903	456,120	723,128
Net current assets		16,686,327	12,605,829	47,227	131,559
Non-current liabilities					
Loans and borrowings	23	10,379,149	10,233,529	106,696	139,055
Other payables	24	127,577	106,034	21,606	18,608
		10,506,726	10,339,563	128,302	157,663
Total liabilities		34,064,220	40,019,466	584,422	880,791
Net assets		50,287,971	50,047,614	42,643,146	44,835,716
Equity attributable to equity holders of the Company					
Share capital	27	73,582,500	73,582,500	73,582,500	73,582,500
Share premium	27	5,096,668	5,096,668	5,096,668	5,096,668
Accumulated losses		(28,391,197)	(28,631,554)	(36,036,022)	(33,843,452)
Total equity		50,287,971	50,047,614	42,643,146	44,835,716
TOTAL EQUITY AND LIABILITIES		84,352,191	90,067,080	43,227,568	45,716,507

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Non-distributable			
	Share capital (Note 27) RM	**Share premium (Note 27)** RM	**Accumulated losses** RM	**Equity attributable to equity holders of the Company** RM
Opening balance at 1 January 2014	73,582,500	5,096,668	(25,692,112)	52,987,056
Total comprehensive income	-	-	(2,939,442)	(2,939,442)
Closing balance at 31 December 2014	73,582,500	5,096,668	(28,631,554)	50,047,614
Opening balance at 1 January 2015	73,582,500	5,096,668	(28,631,554)	50,047,614
Total comprehensive income	-	-	240,357	240,357
Closing balance at 31 December 2015	73,582,500	5,096,668	(28,391,197)	50,287,971

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	← Non-distributable		→	
	Share capital (Note 27)	Share premium (Note 27)	Accumulated losses	Equity attributable to equity holders of the Company
	RM	RM	RM	RM
Opening balance at 1 January 2014	73,582,500	5,096,668	(35,008,613)	43,670,555
Total comprehensive income	-	-	1,165,161	1,165,161
Closing balance at 31 December 2014	73,582,500	5,096,668	(33,843,452)	44,835,716
Opening balance at 1 January 2015	73,582,500	5,096,668	(33,843,452)	44,835,716
Total comprehensive income	-	-	(2,192,570)	(2,192,570)
Closing balance at 31 December 2015	73,582,500	5,096,668	(36,036,022)	42,643,146

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	2015 RM	2014 RM
Operating activities			
Profit/(Loss) before tax		233,857	(2,932,942)
Adjustments for:			
Depreciation of property, plant and equipment	9	4,454,236	4,133,157
Interest expense	8	1,320,550	1,254,406
Gain on disposal of property, plant and equipment	7	(13,395)	-
Impairment loss on trade receivables	9	60,456	4,490,869
Interest income	6	(56,549)	(119,307)
Inventories written down	9	746,056	663,178
Property, plant and equipment written off	9	809	932
Share of results of associate		381,266	411,339
Total adjustments		6,893,429	10,834,574
Operating cash flows before changes in working capital		7,127,286	7,901,632
Changes in working capital			
Increase in inventories		(1,285,426)	(1,374,269)
Decrease/(increase) in trade and other receivables		4,818,287	(8,152,817)
Decrease/(increase) in other current assets		378,339	(217,890)
(Decrease)/increase trade and other payables		(9,212,775)	4,971,810
Increase in other current liabilities		384,156	79,037
Increase in fixed deposit pledged to bank		(5,078)	(10,497)
Total changes in working capital		(4,922,497)	(4,704,626)
Cash flows from operations		2,204,789	3,197,006
Interest paid		(1,320,550)	(1,254,406)
Interest received		56,549	119,307
Income taxes paid, net of refund		(4,780)	3,209
Net cash flows from operating activities		936,008	2,065,116
Investing activities			
Acquisition of property, plant and equipment	14	(892,961)	(4,863,304)
Acquisition of investment properties under construction	15	-	(1,886,472)
Subsequent expenditure on investment properties under construction	15	(173,977)	-
Proceeds from disposal of property, plant and equipment		76,800	-
Net cash flows used in investing activities		(990,138)	(6,749,776)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2015 (contd.)

	Note	2015 RM	2014 RM
Financing activities			
Proceeds from drawdown of revolving credit		6,221,397	-
Proceeds from drawdown of term loan		432,000	8,336,823
Repayment of revolving credit		-	(2,000,000)
Repayment of term loans		(3,634,126)	(4,317,789)
Repayment of obligations under finance leases		(585,086)	(860,601)
Net cash flows from financing activities		2,434,185	1,158,433
Net increase/(decrease) in cash and cash equivalents		2,380,055	(3,526,227)
Cash and cash equivalents at 1 January		2,807,051	6,333,278
Cash and cash equivalents at 31 December	22	5,187,106	2,807,051

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2015

	Note	2015 RM	2014 RM
Operating activities			
(Loss)/profit before tax		(2,192,570)	1,165,161
Adjustments for:			
Depreciation of property, plant and equipment	9	110,245	173,539
Interest expense	8	19,164	55,891
Impairment loss in investment in subsidiary	9	2,027,354	-
Interest income	6	(17,034)	(18,062)
Dividend income	4	-	(1,300,000)
Total adjustments		2,139,729	(1,088,632)
Operating cash flows before changes in working capital		(52,841)	76,529
Changes in working capital			
Decrease/(increase) in other receivables		23,400	(32,165)
Decrease in other current assets		991	101
Decrease in trade and other payables		(277,761)	(886,478)
Increase in fixed deposit pledged to bank		(5,078)	(10,497)
Total changes in working capital		(258,448)	(929,039)
Cash flows used in operations		(311,289)	(852,510)
Interest paid		(19,164)	(55,891)
Interest received		17,034	18,062
Income tax paid, net of refund		1,878	2,210
Net cash flows used in operating activities		(311,541)	(888,129)
Investing activities			
Dividend received from a subsidiary		-	1,300,000
Net cash flows from investing activities		-	1,300,000
Financing activity			
Repayment of obligations under finance leases		(30,190)	(46,870)
Net cash flows used in financing activity		(30,190)	(46,870)
Net (decrease)/increase in cash and cash equivalents		(341,731)	365,001
Cash and cash equivalents at 1 January		297,257	(67,744)
Cash and cash equivalents at 31 December	22	(44,474)	297,257

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015

1. Corporate information

The Company is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and the principal place of business of the Company is located at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak.

The principal activities of the Company are investment holding and provision of management services to the subsidiaries. The principal activities of the subsidiaries are described in Note 16 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM").

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2015, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2015.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

The nature and impact of the new and amended MFRSs and IC Interpretation are described below:

Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The application of these amendments has had no material impact on the disclosures or the amounts recognised in the Group's financial statements as no contributions have been made by employees or third parties to defined benefit plans.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

Annual Improvements to MFRSs 2010-2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below.

MFRS 3: Business Combinations

The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014. This is consistent with the Group's current accounting policy and thus, this amendment did not impact the Group.

MFRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and

- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

MFRS 116: Property, Plant and Equipment and MFRS 138: Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between gross and carrying amounts of the asset. This amendment did not have any impact on the Group.

MFRS 124: Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. This amendment is not applicable to the Group as the Group does not receive any management services from other entities.

Annual Improvements to MFRSs 2011–2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below.

MFRS 3: Business Combinations

The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively. The Group is not a joint arrangement and thus this arrangement is not relevant to the Group.

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

Annual Improvements to MFRSs 2011–2013 Cycle (contd.)

MFRS 13: Fair Value Measurement

The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable). The Group does not apply the portfolio exception.

MFRS 140: Investment Property

The amendments to MFRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of MFRS 140; and
- the transaction meets the definition of a business combination under MFRS 3,

to determine if the transaction is a purchase of an asset or is a business combination.

In previous financial years, the Group has applied MFRS 3 and not MFRS 140 in determining whether an acquisition is of an asset or is a business combination. Accordingly, this amendment did not have any impact to the Group.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intends to adopt these standards, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agricultural: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset forms part of the business) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

- gains and losses resulting from transactions involving the sale or contribution of assets to an associate of a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by Malaysian Accounting Standards Board. Earlier application is permitted. These amendments are not expected to have any impact on the Group.

Amendments to MFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to MFRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant MFRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to MFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will not have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9: Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139: Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015 (contd.)

2. **Summary of significant accounting policies** (contd.)

2.3 **Standards issued but not yet effective** (contd.)

Annual Improvements to MFRSs 2012 - 2014 Cycle

The Annual Improvements to MFRSs 2012 - 2014 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

MFRS 7: Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

MFRS 119: Employee Benefits

The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

The amendments must be applied prospectively.

MFRS 134: Interim Financial Reporting

MFRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

2.4 **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

Business combinations (contd.)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2. Summary of significant accounting policies (contd.)

2.6 Associates (contd.)

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Long-term leasehold land	Over period of the lease
Buildings	5%
Concrete jetty	5%
Plant, machinery and equipment	6.67% - 20%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	25%

Capital work-in-progress in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.8 Investment properties

An investment property is a property held to earn rental income or for capital appreciation or both.

Investment properties are initially recorded at cost. Subsequent to recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

The investment properties should be depreciated systematically over their useful lives. The carrying value of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value and useful lives are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Investment properties under construction for future use as investment properties are classified as investment property under construction. There is no depreciation provided as it is not yet available for use.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (contd.)

2.10 Financial assets (contd.)

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.10 Financial assets (contd.)

(d) Available-for-sale financial assets (contd.)

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.11 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade, other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Summary of significant accounting policies (contd.)

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management and exclude fixed deposits that are pledged to banks for banking facilities granted to the Group.

2.13 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contracts costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of cost incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average cost formula
- Consumables: purchase costs on first-in-first-out basis
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighed average cost formula.
- Cost of properties held for sale - acquisition costs and other costs incurred in bringing the inventories to their present condition.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (contd.)

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.18 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

Certain unexpired financial guarantees issued were not recognised as no value has been placed on the guarantees provided by the holding company as the directors regard the value of the credit enhancement provided by the said guarantees to be minimal. Other information on financial guarantee contracts are disclosed in Note 30 and Note 31.

2.19 Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it operates in. The Malaysian companies in the Group make contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Retirement benefits

The Group operates an unfunded, defined Retirement Benefits Scheme ("the Scheme") for its eligible employees. The Group's obligations under the Scheme are determined based on triennial actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.19 Employee benefits (contd.)

(iii) Retirement benefits (contd.)

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under administration expenses in statement of comprehensive income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

2.20 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable:

(i) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2. Summary of significant accounting policies (contd.)

2.21 Revenue (contd.)

(ii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.13.

(iii) Sale of properties

Revenue from sale of properties is recognised upon the transfer of significant risk and rewards of ownership to the purchasers with no further substantial contractual acts. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due.

(iv) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(v) Dividend and other income

Dividend and other income are recognised when the Group's right to receive payment is established.

(vi) Management and consultancy fees

Revenue from management and consultancy services rendered is recognised when services are rendered.

2.22 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.22 Income taxes (contd.)

(b) Deferred tax (contd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective managers responsible for the performance of the respective segments under their charge. The managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared and approved.

2. Summary of significant accounting policies (contd.)

2.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.26 Fair value measurements

The Group measures financial instruments at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 30.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair values are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfer have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015 (contd.)

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of plant, machinery and equipment

The cost of plant, machinery and equipment for the manufacture of concrete products is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 15 years. These are common life expectancies applied in the concrete products industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant, machinery and equipment at the reporting date is disclosed in Note 14. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 49% (2014: 4%) variance in the Group's profit/(loss) for the year.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 19.

(c) Construction contracts

The Group recognises construction contracts revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that construction contracts costs incurred for work performed to date bear to the estimated total construction contracts costs.

Significant judgement is required in determining the stage of completion, the extent of the construction contracts costs incurred the estimated total construction contracts revenue and costs, as well as the recoverability of the construction contracts costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of assets and liabilities of the Group arising from construction contracts activities are disclosed in Note 21. A 10% difference in the estimated total construction contracts revenue or costs would result in approximately 2% (2014: 2%) variance in the Group's revenue and 3% (2014: 3%) variance in the Group's cost of sales.

4. Revenue

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Sale of goods	65,766,677	63,045,177	-	-
Management fee from subsidiaries	-	-	2,085,550	1,990,644
Construction contracts	105,247	1,529,261	-	-
Dividend income received from a subsidiary	-	-	-	1,300,000
Rental income	-	-	259,200	259,200
	65,871,924	64,574,438	2,344,750	3,549,844

Sale of goods represents trading sales of construction materials, precast concrete pipes, pre-stressed spun concrete piles and other related concrete products and after allowance for goods returned and trade discounts.

5 Cost of sales

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Cost of goods sold	52,558,515	51,325,418	-	-
Construction contract costs	163,245	481,573	-	-
	52,721,760	51,806,991	-	-

6. Interest income

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Interest income from loans and receivables	56,549	119,307	17,034	18,062

7. Other income

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Rental income	2,116	1,800	-	-
Other income	53,112	635,350	-	515,452
Transportation and other project income	142,236	544,466	-	-
Gain on disposal on property, plant and equipment	13,395	-	-	-
	210,859	1,181,616	-	515,452

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

8. Finance costs

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Interest expense on:				
Bank overdrafts	14,536	8,539	7,843	7,784
Revolving credit	321,180	203,058	-	-
Term loans	873,979	886,452	-	-
Obligations under finance leases	110,855	156,357	9,674	12,062
Advances from subsidiaries	-	-	1,647	36,045
	1,320,550	1,254,406	19,164	55,891

9. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Auditors' remuneration				
- Statutory audits	82,880	74,800	27,000	25,000
- Other services	6,000	6,000	6,000	6,000
Depreciation of property, plant and equipment (Note 14)	4,454,236	4,133,157	110,245	173,539
Employee benefits expense (Note 10)	8,496,935	7,988,518	1,825,068	2,149,466
Impairment loss on trade receivables (Note 19)	60,456	4,490,869	-	-
Impairment loss in investment in subsidiary (Note 16)	-	-	2,027,354	-
Inventories written down	746,056	663,178	-	-
Non-executive directors' remuneration (Note 11)	254,400	231,774	254,400	231,774
Operating leases:				
- minimum lease payments for plant and machineries	349,680	122,446	-	-
- minimum lease payments for land and buildings	720,000	720,000	-	-
- minimum lease payments for rental of office equipment	23,129	21,864	9,254	8,544
Property, plant and equipment written off	809	932	-	-

10. Employee benefits expense

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Wages and salaries	7,336,222	6,936,667	1,501,539	1,789,906
Social security contributions	96,594	85,368	15,465	15,659
Contributions to defined contribution plan	749,584	732,906	165,845	203,200
Contributions to retirement benefits	21,542	(37,295)	2,997	(5,058)
Other benefits	292,993	270,872	139,222	145,759
	8,496,935	7,988,518	1,825,068	2,149,466

10. Employee benefits expense (contd.)

Included in employee benefits expense of the Group and of the Company are as follows:

	Group/Company 2015 RM	Group/Company 2014 RM
Executive directors' remuneration (Note 11)	-	350,228

11. Directors' remuneration

The details of remuneration received by directors of the Company during the year were as follows:

	Group/Company 2015 RM	Group/Company 2014 RM
Executive directors' remuneration (Note 10):		
Salaries and other emoluments	-	312,700
Defined contribution plan	-	37,528
	-	350,228
Non-executive directors' remuneration (Note 9):		
Fees	220,000	196,774
Other emoluments	34,400	35,000
	254,400	231,774
Total directors' remuneration (Note 29(b))	254,400	582,002

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed as follows:

	Number of Directors 2015 Executive	2015 Non-Executive	2014 Executive	2014 Non-Executive
RM400,001 - RM450,000	-	-	1	-
RM350,001 - RM400,000	-	-	-	-
RM100,001 - RM150,000	-	1	-	1
RM1 - RM50,000	-	8	-	5

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

12. Income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Statement of profit or loss and other comprehensive income				
Current income tax:				
Based on results for the year	-	6,500	-	-
Overprovision of income tax in respect of prior year	(6,500)	-	-	-
Income tax expense recognised in profit or loss	(6,500)	6,500	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016.

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the Malaysian statutory tax rate for the years ended 31 December 2015 and 2014 are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Accounting profit/(loss) before tax	233,857	(2,932,942)	(2,192,570)	1,165,161
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	58,464	(733,236)	(548,143)	291,290
Adjustments:				
Income not subject to tax	-	(128,863)	-	(453,863)
Non-deductible expenses	302,261	421,032	564,232	128,219
Effect of utilisation of previously unrecognised capital allowances and unutilised tax losses	(525,476)	(35,247)	(16,089)	-
Deferred tax assets not recognised on unutilised tax losses and unabsorbed capital allowances	164,751	482,814	-	34,354
Overprovision of income tax in respect of prior year	(6,500)	-	-	-
Income tax expense recognised in profit or loss	(6,500)	6,500	-	-

12. Income tax expense (contd.)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Unutilised tax losses	16,570,000	17,287,000	4,959,000	5,023,000
Unabsorbed capital allowances	1,759,000	2,485,000	-	-
	18,329,000	19,772,000	4,959,000	5,023,000

As at 31 December 2015 and 2014, the deferred tax assets were not recognised as it was not probable that future taxable profit will be available against which the unutilised tax losses and unabsorbed capital allowances can be utilised. The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group is subject to the provisions of the Income Tax Act, 1967.

13. Earnings per share

Basic earnings per share ("EPS") is calculated by dividing profit/(loss) for the year, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted EPS amounts are calculated by dividing profit/(loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The Company does not have any potential ordinary share in issue which will cause a dilution in EPS.

	Group	
	2015	**2014**
Profit/(loss) net of tax, attributable to equity holders of the company (RM)	240,357	(2,939,442)
Weighted average number of ordinary shares	73,582,500	73,582,500
Basic and diluted profit/(loss) per share (sen)	0.33	(3.99)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

14. Property, plant and equipment

	Long-term leasehold land RM	Buildings RM	Concrete jetty RM	Plant, machinery and equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Group							
At 31 December 2015							
Cost							
At 1 January 2015	16,556,855	19,104,956	404,466	60,434,558	2,532,360	1,135,124	100,168,319
Additions	-	21,324	63,404	566,962	228,043	173,028	1,052,761
Disposals	-	-	(63,404)	(62,779)	-	-	(126,183)
Written off	-	-	-	-	(8,814)	-	(8,814)
At 31 December 2015	16,556,855	19,126,280	404,466	60,938,741	2,751,589	1,308,152	101,086,083
Accumulated depreciation							
At 1 January 2015	3,069,513	8,944,762	289,983	40,814,723	2,156,076	1,135,120	56,410,177
Depreciation charge for the year (Note 9)	463,620	956,309	20,223	2,788,408	189,628	36,048	4,454,236
Disposals	-	-	-	(62,778)	-	-	(62,778)
Written off	-	-	-	-	(8,005)	-	(8,005)
At 31 December 2015	3,533,133	9,901,071	310,206	43,540,353	2,337,699	1,171,168	60,793,630
Net carrying amount	13,023,722	9,225,209	94,260	17,398,388	413,890	136,984	40,292,453

14. **Property, plant and equipment** (contd.)

	Long-term leasehold land RM	Buildings RM	Concrete jetty RM	Plant, machinery and equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Group (contd.)								
At 31 December 2014								
Cost								
At 1 January 2014	-	18,254,984	404,466	55,536,914	2,496,882	1,135,124	863,340	78,691,710
Reclassification	16,556,855	-	-	-	-	-	-	16,556,855
At 1 January 2014	16,556,855	18,254,984	404,466	55,536,914	2,496,882	1,135,124	863,340	95,248,565
Additions	-	849,972	-	4,034,304	49,028	-	-	4,933,304
Written off	-	-	-	-	(13,550)	-	-	(13,550)
Transfer	-	-	-	863,340	-	-	(863,340)	-
At 31 December 2014	16,556,855	19,104,956	404,466	60,434,558	2,532,360	1,135,124	-	100,168,319
Accumulated depreciation								
At 1 January 2014	-	8,019,354	269,984	38,311,761	2,009,400	1,073,246	-	49,683,745
Reclassification	2,605,893	-	-	-	-	-	-	2,605,893
At 1 January 2014	2,605,893	8,019,354	269,984	38,311,761	2,009,400	1,073,246	-	52,289,638
Depreciation charge for the year (Note 9)	463,620	925,408	19,999	2,502,962	159,294	61,874	-	4,133,157
Written off	-	-	-	-	(12,618)	-	-	(12,618)
At 31 December 2014	3,069,513	8,944,762	289,983	40,814,723	2,156,076	1,135,120	-	56,410,177
Net carrying amount	13,487,342	10,160,194	114,483	19,619,835	376,284	4	-	43,758,142

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

14. Property, plant and equipment (contd.)

	Long-term leasehold land RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Company				
At 31 December 2015				
Cost				
At 1 January 2015 and 31 December 2015	6,490,851	20,282	488,273	6,999,406
Accumulated depreciation				
At 1 January 2015	930,930	18,426	488,271	1,437,627
Depreciation charge for the year (Note 9)	108,397	1,848	-	110,245
At 31 December 2015	1,039,327	20,274	488,271	1,547,872
Net carrying amount	5,451,524	8	2	5,451,534
At 31 December 2014				
Cost				
At 1 January 2014	-	20,282	488,273	508,555
Reclassification	6,490,851	-	-	6,490,851
At 1 January 2014 and 31 December 2014	6,490,851	20,282	488,273	6,999,406
Accumulated depreciation				
At 1 January 2014	-	15,158	426,397	441,555
Reclassification	822,533	-	-	822,533
At 1 January 2014	822,533	15,158	426,397	1,264,088
Depreciation charge for the year (Note 9)	108,397	3,268	61,874	173,539
At 31 December 2014	930,930	18,426	488,271	1,437,627
Net carrying amount	5,559,921	1,856	2	5,561,779

In prior year, the Group reassessed the classification of the Group's and the Company's leasehold land. As the leasehold land were determined to be finance leases, accordingly, they were reclassified from prepaid land lease payments to property, plant and equipment.

14. Property, plant and equipment (contd.)

Acquisitions of property, plant and equipment during the financial year were made by the following means:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Cash	892,961	4,863,304	-	-
Finance lease	159,800	70,000	-	-
	1,052,761	4,933,304	-	-

The net carrying amount of plant and machinery and motor vehicles held under finance leases at the reporting date was as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Plant and machinery	3,493,459	3,903,884	-	-
Motor vehicles	136,982	2	2	2
	3,630,441	3,903,886	2	2

Leased assets are pledged as security for the related finance lease liabilities (Note 23).

In addition to assets held under finance leases, the Group's buildings with a net carrying amount of RM8,793,640 (2014: RM9,674,104) are pledged as security for the Group's loans and borrowings (Note 23).

Certain leasehold land of the Group and the Company with a net carrying amount of RM11,754,208 (2014: RM12,194,531) and RM4,182,010 (2014: RM4,267,111), respectively, are pledged as security for banking facilities as disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

15. Investment properties

The Group had supplied the goods to customers where the settlement was made via exchange of apartments and commercial shophouse. The units are under construction and classified as investment property.

The movements of investment properties under construction are as follows:

	Group	
	2015	**2014**
	RM	RM
At cost:		
Balance at 1 January	1,886,472	-
Acquisition of properties	-	1,886,472
Additions from subsequent expenditure	173,977	-
Balance at 31 December	2,060,449	1,886,472

16. Investment in subsidiaries

	Company	
	2015	**2014**
	RM	RM
Unquoted shares, at cost	39,300,041	39,300,041
Less: Impairment loss (Note 9)	(2,027,354)	-
	37,272,687	39,300,041

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Principal activities	Proportion of ownership interest 2015 %	2014 %
Held by the Company:			
SCIB Holdings Sdn. Bhd.*	Investment holding	100	100
SCIB Industrialised Building System Sdn. Bhd.*	Supply and installation of industrialised building system components	100	100
Held through subsidiary:			
SCIB Properties Sdn. Bhd.*	Property trading	100	100
SCIB Infraworks Sdn. Bhd.*	Dormant	100	100
SCIB Concrete Manufacturing Sdn. Bhd.*	Trading of construction materials, manufacture and sale of concrete products	100	100

* Audited by Ernst & Young, Malaysia

17. Investment in associate

	Group 2015 RM	Group 2014 RM
Unquoted shares, at cost	3,000,000	3,000,000
Share of post-acquisition reserves	(1,244,532)	(863,266)
	1,755,468	2,136,734

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	Proportion of ownership interest 2014 %
Held through subsidiary:				
Influx Meridian Sdn. Bhd.#	Malaysia	Property development	40	40

\# Audited by a firm of auditors other than Ernst & Young

The summarised financial information of the associate not adjusted for the proportion of ownership interest held by the Group is as follows:

	2015 RM	2014 RM
Assets and liabilities		
Current assets	35,512,783	31,750,463
Non-current assets	18,955	21,324
Total assets	35,531,738	31,771,787
Current liabilities	20,151,100	14,039,666
Non-current liabilities	10,991,968	12,390,700
Total liabilities	31,143,068	26,430,366
Results		
Loss for the year, representing total comprehensive income	952,751	1,028,347

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

18. Inventories

	Group	
	2015	2014
	RM	RM
At cost:		
Properties held for sale	1,644,045	1,644,045
Raw materials	3,904,119	4,327,971
Store and spares	2,000,232	2,078,946
Finished goods	9,549,298	8,507,362
	17,097,694	16,558,324

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM48,160,337 (2014: RM48,162,487).

19. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade receivables				
Third parties	15,019,927	16,639,555	-	-
Retention sum - third parties	1,682,538	1,682,538	-	-
Amount due from related companies	5,424,575	8,618,341	-	-
	22,127,040	26,940,434	-	-
Less: Allowance for impairment	(5,475,890)	(5,415,434)	-	-
Trade receivables, net	16,651,150	21,525,000	-	-
Other receivables				
Deposits	167,048	211,638	23,009	23,009
Third parties	94,946	55,249	14,751	14,092
Amount due from subsidiaries	-	-	9,192	33,251
	261,994	266,887	46,952	70,352
Total trade and other receivables	16,913,144	21,791,887	46,952	70,352
Add: Cash and bank balances (Note 22)	5,938,099	3,273,578	438,713	763,784
Total loans and receivables	22,851,243	25,065,465	485,665	834,136

19. Trade and other receivables (contd.)

(a) Trade receivables

The Group's normal trade credit term is 90 days (2014: 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Trade receivables earn late payment interest of 1.5% (2014: 1.5%) per month for sale of goods and 10% (2014: 10%) per annum for sale of properties, and are assessed on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:

	Group	
	2015	**2014**
	RM	RM
Neither past due nor impaired	9,528,009	12,731,024
1 to 30 days past due not impaired	1,190,800	1,872,686
31 to 60 days past due not impaired	677,757	1,065,472
61 to 90 days past due not impaired	416,250	1,179,290
91 to 120 days past due not impaired	461,235	611,608
More than 121 days past due not impaired	4,377,099	4,064,920
	7,123,141	8,793,976
Impaired	5,475,890	5,415,434
	22,127,040	26,940,434

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM7,123,141 (2014: RM8,793,976) that are past due at the reporting date but not impaired. Receivables that are past due but not impaired are unsecured in nature.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

19. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance account used to record the impairment are as follows:

	Collectively impaired RM	Individually impaired RM	Total RM
2015			
Trade receivables - nominal amount	1,500	5,474,390	5,475,890
Less: Allowance for impairment	(1,500)	(5,474,390)	(5,475,890)
	-	-	-
2014			
Trade receivables - nominal amount	1,500	5,413,934	5,415,434
Less: Allowance for impairment	(1,500)	(5,413,934)	(5,415,434)
	-	-	-

Movement in allowance accounts

	Group 2015 RM	2014 RM
At 1 January	5,415,434	924,565
Charge for the year (Note 9)	60,456	4,490,869
At 31 December	5,475,890	5,415,434

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amount due from related companies

The amount due from related companies is amount due from companies in which certain directors of the Group and of the Company have financial interest. This amount is unsecured, earns interest at 8% (2014: Nil) per annum and is repayable on demand.

(c) Amount due from subsidiaries

This amount is unsecured, earns interest at 3.5% (2014: 3.5%) per annum and is repayable on demand.

20. Other current assets

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Prepaid operating expenses	219,925	592,403	7,039	8,030
Income tax recoverable	74,959	63,679	10,643	12,521
Amount due from customers for contract work (Note 21)	-	5,861	-	-
	294,884	661,943	17,682	20,551

21. Gross amount due from/(to) customers for contract work

	Group 2015 RM	Group 2014 RM
Construction contracts costs incurred to date	12,001,806	12,569,403
Attributable (losses)/profits	(97,249)	11,926
	11,904,557	12,581,329
Less: Progress billings	(13,023,250)	(13,310,005)
	(1,118,693)	(728,676)
Presented as:		
Gross amount due from customers for contract work (Note 20)	-	5,861
Gross amount due to customers for contract work (Note 25)	(1,118,693)	(734,537)
	(1,118,693)	(728,676)

22. Cash and bank balances

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash in hand and at banks	5,589,395	2,929,952	90,009	420,158
Fixed deposits with a licensed bank (pledged)	348,704	343,626	348,704	343,626
Cash and bank balances (Note 32)	5,938,099	3,273,578	438,713	763,784

Fixed deposits with a licensed bank amounting to RM348,704 (2014: RM343,626) are pledged as securities for bank overdraft facility of the Group (Note 23). The fixed deposits have a maturity period ranged from 1 month to 3 years (2014: 1 month to 3 years) and the effective interest rates ranged between 3.15% to 3.45% (2014: 3.15% to 3.30%).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015 (contd.)

22. Cash and bank balances (contd.)

For the purposes of the statements of cash flows, cash and cash equivalents comprised the following at the reporting date:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash and bank balances	5,938,099	3,273,578	438,713	763,784
Bank overdrafts (Note 23)	(402,289)	(122,901)	(134,483)	(122,901)
Fixed deposits with a licensed bank (pledged)	(348,704)	(343,626)	(348,704)	(343,626)
Cash and cash equivalents	5,187,106	2,807,051	(44,474)	297,257

23. Loans and borrowings

		Group		Company	
	Maturity	2015	2014	2015	2014
		RM	RM	RM	RM
Current					
Secured:					
Revolving credit:					
- BFR + 0.5% per annum floating rate	2016	653,311	-	-	-
- BFR + 1% per annum floating rate	2016	4,000,000	2,000,000	-	-
Bank loans:					
- BFR + 1% per annum floating rate	2016	1,861,608	1,759,956	-	-
- 7.34% per annum fixed rate	2016	-	395,172	-	-
- 7.60% per annum fixed rate	2016	1,000,922	927,893	-	-
- BFR + 0.75% per annum floating rate	2016	630,000	630,000	-	-
Obligations under finance leases (Note 28(c))	2016	584,493	568,948	32,359	30,190
Bank overdraft	On demand	402,289	122,901	134,483	122,901
		9,132,623	6,404,870	166,842	153,091

23. Loans and borrowings (contd.)

	Maturity	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Non-current					
Secured:					
Revolving credit:					
- BFR + 0.5% per annum floating rate	2017-2022	3,568,086	-	-	-
Bank loans:					
- 7.60% per annum fixed rate	2017	246,054	1,246,976	-	-
- BFR + 0.75% per annum floating rate	2017-2018	1,203,315	1,833,315	-	-
- BFR + 1% per annum floating rate	2017-2019	4,569,136	5,919,849	-	-
Obligations under finance leases (Note 28(c))	2017-2022	792,558	1,233,389	106,696	139,055
		10,379,149	10,233,529	106,696	139,055
Total loans and borrowings (Note 24)		19,511,772	16,638,399	273,538	292,146

The remaining maturities of the loans and borrowings as at 31 December 2015 and 2014 are as follows:

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
On demand or within one year	9,132,623	6,404,870	166,842	153,091
More than 1 year and less than 2 years	3,779,550	3,954,977	34,530	32,360
More than 2 years and less than 5 years	4,810,229	6,278,552	72,166	106,695
5 years or more	1,789,370	-	-	-
	19,511,772	16,638,399	273,538	292,146

BFR + 0.5% per annum floating rate revolving credit

This revolving credit facility was drawn down under a Commodity Murabahah Revolving Financing-i (CMRF-i) Facility. This revolving credit is secured by debenture incorporating fixed and floating charge over all the assets and a third legal charge over certain leasehold land of the Group together with the buildings thereon as disclosed in Note 14.

BFR + 1.00% per annum floating rate revolving credit

This revolving credit facility was drawn down under a Murabahah-Tawarruq Working Capital Financing-i Facility. This revolving credit is secured by first legal charge over certain leasehold land of the Company together with the buildings thereon as disclosed in Note 14.

BFR + 1.00% per annum floating rate bank loan

This loan was drawn down under Murabahah-Tawarruq Working Capital Financing-i Facility and Murabahah-Tawarruq Asset Financing-i Facility. This loan is secured by first legal charge over certain leasehold land of the Company together with the buildings thereon as disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

23. Loans and borrowings (contd.)

7.34% per annum fixed rate bank loan

This loan was drawn down under a Bai' Bithaman Ajil Facility. The loan is secured by a debenture incorporating a fixed and floating charge over all the assets and a first legal charge over certain leasehold land of the Group, together with the buildings thereon, as disclosed in Note 14.

7.60% per annum fixed rate bank loan

This loan was drawn down under a Bai' Inah Facility. The loan is secured by a debenture incorporating a fixed and floating charge over all the assets and a second legal charge over certain leasehold land of the Group, together with the buildings thereon, as disclosed in Note 14.

BFR + 0.75% per annum floating rate bank loan

This loan was drawn down under a Ijarah Muntahiah Bitamlik Asset Backed Financing-i Facility. This loan is secured by first legal charge over certain leasehold land of the Company together with the buildings thereon as disclosed in Note 14.

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 28(c)). The discount rate implicit in the leases of the Group and the Company are 4.3% to 7.3% (2014: 4.3% to 7.3%) and 4.3% to 6.6% (2014: 4.3% to 6.6%), respectively.

Bank overdrafts

Bank overdraft are denominated in RM, bear interest at BLR + 1.5% per annum and certain bank overdraft is partly secured by the pledge of accumulated fixed deposits of RM300,000 built up by way of sinking fund of half yearly instalments of RM30,000 each commencing 1 July 2007, as disclosed in Note 22.

24. Trade and other payables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Current				
Trade payables				
Third parties	9,751,023	15,944,942	-	-
Retention sum	1,164,770	1,164,770	-	-
	10,915,793	17,109,712	-	-
Other payables				
Third parties	889,817	2,633,718	-	-
Accrued operating expenses	1,500,568	2,753,866	207,597	318,132
Deposits received	-	43,200	43,200	43,200
Amount due to subsidiaries	-	-	38,481	208,705
	2,390,385	5,430,784	289,278	570,037
Total current trade and other payables	13,306,178	22,540,496	289,278	570,037

24. Trade and other payables (contd.)

	Group		Company	
	2015 RM	**2014** RM	**2015** RM	**2014** RM
Non-current				
Other payables				
Provision for retirement benefits	127,577	106,034	21,606	18,608
Total trade and other payables	13,433,755	22,646,530	310,884	588,645
Add: Loans and borrowings (Note 23)	19,511,772	16,638,399	273,538	292,146
Less: Provision for retirement benefits	(127,577)	(106,034)	(21,606)	(18,608)
Total financial liabilities carried at amortised costs	32,817,950	39,178,895	562,816	862,183

(a) Trade payables

Trade payables are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2014: 30 to 90 days) terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of six months (2014: average term of six months).

(c) Amount due to subsidiaries

This amount is unsecured, bears interest at 3.50% (2014: 3.50%) per annum and is repayable on demand.

25. Other current liabilities

	Group	
	2015 RM	**2014** RM
Amount due to customers for contract work (Note 21)	1,118,693	734,537

26. Deferred tax

	Group		Company	
	2015 RM	**2014** RM	**2015** RM	**2014** RM
Deferred tax assets	(5,396,000)	(5,545,000)	(321,000)	-
Deferred tax liabilities	5,396,000	5,545,000	321,000	-
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

26. Deferred tax (contd.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (contd.):

	At 1 January RM	Recognised in profit or loss RM	At 31 December RM
Group			
At 31 December 2015			
Deferred tax liabilities:			
Property, plant and equipment	5,545,000	(149,000)	5,396,000
Deferred tax assets:			
Allowance for impairment loss on trade receivables	(1,353,000)	(16,000)	(1,369,000)
Provision for stock obsolescence	(106,000)	(152,000)	(258,000)
Provision for liabilities	(175,000)	25,000	(150,000)
Unabsorbed capital allowances	(3,911,000)	545,000	(3,366,000)
Unutilised business losses	-	(253,000)	(253,000)
	(5,545,000)	149,000	(5,396,000)
Total	-	-	-
At 31 December 2014			
Deferred tax liabilities:			
Property, plant and equipment	2,869,702	2,675,298	5,545,000
Deferred tax assets:			
Allowance for impairment loss on trade receivables	(231,000)	(1,122,000)	(1,353,000)
Provision for stock obsolescence	(61,000)	(45,000)	(106,000)
Provision for liabilities	(125,702)	(49,298)	(175,000)
Unabsorbed capital allowances	(2,452,000)	(1,459,000)	(3,911,000)
	(2,869,702)	(2,675,298)	(5,545,000)
Total	-	-	-

26. Deferred tax (contd.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (contd.):

	At 1 January RM	Recognised in profit or loss RM	At 31 December RM
Company			
At 31 December 2015			
Deferred tax liability:			
Property, plant and equipment	-	321,000	321,000
Deferred tax assets:			
Provision for liabilities	-	(35,000)	(35,000)
Unabsorbed capital allowance	-	(33,000)	(33,000)
Unutilised business losses	-	(253,000)	(253,000)
	-	(321,000)	(321,000)
Total	-	-	-
At 31 December 2014			
Deferred tax liability:			
Property, plant and equipment	702	(702)	-
Deferred tax assets:			
Provision for liabilities	(702)	702	-
Total	-	-	-

27. Share capital and share premium

	Number of ordinary shares of RM1 each	Group and Company Amount		
	Share capital (Issued and fully paid)	Share capital (Issued and fully paid) RM	Share premium RM	Total share capital and share premium RM
At 1 January 2015 and 31 December 2015	73,582,500	73,582,500	5,096,668	78,679,168

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

27. Share capital and share premium (contd.)

	Number of ordinary shares of RM1 each		Amount	
	2015	**2014**	**2015** RM	**2014** RM
Authorised share capital				
At 1 January and at 31 December	500,000,000	500,000,000	500,000,000	500,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

28. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2015 RM	**2014** RM
Property, plant and equipment:		
Approved and contracted for	315,800	-
Approved but not contracted for	1,228,590	1,903,000
	1,544,390	1,903,000

(b) Operating lease commitments as lessee

The Group has entered into a lease of land. The lease has tenure of 15 years with options to renew and to buy at prevailing market rates.

Minimum lease payments recognised in profit or loss of the Group for the financial year ended 31 December 2015 amounted to RM720,000 (2014: RM720,000).

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2015 RM	**2014** RM
Not later than one year	720,000	720,000
Later than 1 year but not later than 5 years	2,880,000	2,880,000
Later than 5 years	1,008,000	1,728,000
	4,608,000	5,328,000

28. Commitments (contd.)

(c) Finance lease commitments

The Group has finance lease for certain items of plant and machineries and motor vehicles (Note 14).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Minimum lease payments:				
Not later than 1 year	655,314	673,600	39,864	39,864
Later than 1 year but not later than 2 years	473,462	628,506	39,864	39,864
Later than 2 years but not later than 5 years	341,832	708,062	76,325	116,189
Later than 5 years	31,273	-	-	-
Total minimum lease payments	1,501,881	2,010,168	156,053	195,917
Less: Amounts representing finance charges	(124,830)	(207,831)	(16,998)	(26,672)
Present value of minimum lease payments	1,377,051	1,802,337	139,055	169,245
Present value of payments:				
Not later than 1 year	584,493	568,948	32,359	30,190
Later than 1 year but not later than 2 years	438,831	564,100	34,530	32,360
Later than 2 years but not later than 5 years	323,273	669,289	72,166	106,695
Later than 5 years	30,454	-	-	-
Present value of minimum lease payments	1,377,051	1,802,337	139,055	169,245
Less: Amount due within 12 months (Note 23)	(584,493)	(568,948)	(32,359)	(30,190)
Amount due after 12 months (Note 23)	792,558	1,233,389	106,696	139,055

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

29. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

(a) Sale and purchase of goods and services

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

	Group	
	2015	**2014**
	RM	RM
Income		
Sale of construction materials to:		
- Zecon Engineering & Construction Sdn. Bhd.	219,694	4,005,305
- Zecon Dredging Sdn. Bhd.	160,395	37,000
- Petra Jaya Properties Sdn. Bhd.	134,430	105,247
- Oricon Sdn. Bhd.	-	10,800
- Zecon Construction (Sarawak) Sdn. Bhd.	778,820	2,757,479
- Rekaruang Sdn. Bhd.	189,348	-
Expenditure		
Rental expenses paid to Reignvest Corporation Sdn. Bhd.	720,000	720,000
Insurance premium paid to Transnational Insurance Brokers (M) Sdn. Bhd.	315,027	309,842
Management fees paid to Santubong Suites Sdn. Bhd.	37,028	23,451

	Company	
	2015	**2014**
	RM	RM
Expenditure		
Insurance premium paid to Transnational Insurance Brokers (M) Sdn. Bhd.	19,126	19,926

29. Related party transactions (contd.)

(a) Sale and purchase of goods and services (contd.)

(ii) Transactions with subsidiaries:

	Group	
	2015	**2014**
	RM	RM
Income		
Management fees received from:		
- SCIB Concrete Manufacturing Sdn. Bhd.	2,085,508	1,941,644
- SCIB Properties Sdn. Bhd.	14	47
- SCIB Industrialised Building System Sdn. Bhd.	28	48,953
Rental income received from:		
- SCIB Concrete Manufacturing Sdn. Bhd.	259,200	259,200
Dividend income received from:		
- SCIB Holdings Sdn. Bhd.	-	1,300,000
Interest income received from:		
- SCIB Concrete Manufacturing Sdn. Bhd.	6,399	-
- SCIB Infraworks Sdn. Bhd.	32	-
- SCIB Industrialised Building System Sdn. Bhd.	573	-
Expenses		
Interest expense paid to:		
- SCIB Concrete Manufacturing Sdn. Bhd.	948	33,015
- SCIB Properties Sdn. Bhd.	699	1,450
- SCIB Industrialised Building System Sdn. Bhd.	-	1,580

(b) Compensation of key management personnel

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Short term employee benefits	906,580	1,109,994	675,380	909,554
Defined contribution plan	76,564	103,673	49,325	80,143
	983,144	1,213,667	724,705	989,697
Included in the total key management personnel are:				
Directors' remuneration (Note 11)	254,400	582,002	254,400	582,002

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

30. Fair value of financial instruments

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	2015		2014	
	Carrying amount RM	**Fair value** RM	**Carrying amount** RM	**Fair value** RM
Financial liabilities:				
Group				
Loans and borrowings (Note 23):				
- Obligations under finance leases	1,377,051	1,350,071	1,802,337	1,777,922
- Fixed rate bank loans	1,246,976	1,187,797	2,570,041	2,396,456
Company				
Loans and borrowings (Note 23):				
- Obligations under finance leases	139,055	135,445	169,245	161,269

Fair value is the amount at which the financial asset could be exchanged or a financial liability could be settled, between knowledgeable and willing parties in an arm's length transaction.

B. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	19
Other current assets	20
Cash and bank balances	22
Loans and borrowings (current and non-current)	23
Trade and other payables (current and non-current)	24
Other current liabilities	25

The carrying amounts of these financial assets and liabilities, are reasonable approximation of fair values, due to their short-term nature or that they are floating rates instruments that are re-priced to market interest rate on or near the reporting date.

The carrying amount of the current portion of loans and borrowings are reasonable approximations of fair value due to the insignificant impact of discounting.

Amount due to/from subsidiaries, finance lease obligations, fixed rate bank loans and borrowings

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015 (contd.)

30. Fair value of financial instruments (contd.)

B. Determination of fair value (contd.)

Financial guarantees

Fair value of the financial guarantees of the Company given to banks for credit facilities granted to a subsidiary is determined by assessing whether the financial guarantee gives rise to credit enhancement to facilities granted to the subsidiary. If there is existence of credit enhancement, the fair value of the financial guarantee is determined by discounting the interest differential between a facility with financial guarantee and a facility without the financial guarantee.

C. Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value hierarchy of the Group's and the Company's liabilities.

Quantitative disclosures of the fair value measurement hierarchy for liabilities as at 31 December 2015 and 31 December 2014 were as follows:

	Date of valuation	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group					
Liabilities for which fair values are disclosed:					
Interest-bearing loans and borrowings					
- Fixed rated bank loans	31 December 2015	-	1,187,797	-	1,187,797
- Obligations under finance lease	31 December 2015	-	1,350,071	-	1,350,071
Liabilities for which fair values are disclosed:					
Interest-bearing loans and borrowings					
- Fixed rated bank loans	31 December 2014	-	2,396,456	-	2,396,456
- Obligations under finance lease	31 December 2014	-	1,777,922	-	1,777,922

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015 (contd.)

30. Fair value of financial instruments (contd.)

C. Fair value hierarchy (contd.)

	Date of valuation	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Company					
Liabilities for which fair values are disclosed:					
Interest-bearing loans and borrowings					
- Obligations under finance lease	31 December 2015	-	135,445	-	135,445
	31 December 2014	-	161,269	-	161,269

There have been no transfers between any levels during the financial year.

31. Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its credit, liquidity and interest rate risks. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Group has a system of controls in place to maintain an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The objectives of the Group's Risk Management are to:

- Ensure business going concern by avoiding and mitigating losses;
- Improve business performance by informing and improving decision making and planning;
- Promote a more innovative, less risk adverse culture in which the taking of calculated risks in pursuit of opportunities to benefit the Group is encouraged; and
- Provide a sound basis for integrated risk management and internal control as components of good corporate governance.

To ensure a sound system of internal controls, the Board has established a risk management framework for the Group. The Group's risk governance structure comprises two levels:

- The Risk Management Committee at the Board level; and
- The Risk Management Working Group comprising the heads of the respective operating units/departments.

The Board-level Risk Management Committee is responsible for:

- Ensuring the implementation of the risk management policy;
- Identifying, evaluating and managing principal risks faced by the Group;
- Updating the Board via the Audit Committee on the status of risks and controls;
- Overseeing the Risk Management Working Group;
- Reviewing the overall risk management guidelines/framework;
- Reviewing and recommending risk limits; and
- Assessing the adequacy and effectiveness of the risk management policies and systems.

31. Financial risk management objectives and policies (contd.)

The Board is responsible to:

- Monitoring the management of principal risks to ensure that appropriate and sound system of internal controls are in place; and
- Reviewing annually the risk management approach and practices.

The Audit Committee is responsible for:

- Advising the Board on Risk Management and internal control; and
- Collating the sources of assurance which inform how effectively risk is managed and the reliability of the internal control system.

Risk management activities are carried out by the management under the policies approved by the Risk Management Committee. Risk management activities are reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts being insignificant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM19,238,000 (2014: RM16,346,000) relating to corporate guarantees provided by the Company to banks on a subsidiary's bank loans and borrowings.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the customer profile of its trade receivables on an ongoing basis.

As at the reporting date, approximately 24% (2014: 32%) of the Group's trade and other receivables were due from related parties while the remaining balance are with non-related parties.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

31. Financial risk management objectives and policies (contd.)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities to meet financial commitments and obligations when they fall due at a reasonable cost. The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met.

As far as practicable, the Group will constantly raise committed funding from both capital markets and financial institutions and prudently balance its portfolio with same short term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturity

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	**One to five years** RM	**Over five years** RM	**Total** RM
2015				
Group				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	13,306,178	-	-	13,306,178
Loans and borrowings	9,263,825	8,646,041	1,790,188	19,700,054
Total undiscounted financial liabilities	22,570,003	8,646,041	1,790,188	33,006,232
2014				
Group				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	22,540,496	-	-	22,540,496
Loans and borrowings	6,646,443	10,400,162	-	17,046,605
Total undiscounted financial liabilities	29,186,939	10,400,162	-	39,587,101

31. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturity (contd.)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2015				
Company				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*#	207,597	-	-	207,597
Loans and borrowings	174,347	116,189	-	290,536
Total undiscounted financial liabilities	381,944	116,189	-	498,133
2014				
Company				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*#	361,332	-	-	361,332
Loans and borrowings	162,765	156,053	-	318,818
Total undiscounted financial liabilities	524,097	156,053	-	680,150

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as the defaults have not occurred. Accordingly, financial guarantees under the scope of MFRS 139 are not included in the above maturity profile analysis.

Trade and other payables exclude amount due to subsidiaries as they are not practicable to determine the expected contractual undiscounted cash flow with sufficient reliability since this balance has no fixed terms of repayment.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to market risk for changes in interest rate environment relates mainly to its investment in financial products and its loans and borrowings.

The investments in financial products are short term in nature and they are not held for trading or speculative purposes. The financial products comprise mainly fixed deposits, which yield better returns than cash at bank.

The Group manages its interest rate risk exposure by maintaining a prudent mix of fixed and floating rate borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015 (contd.)

31. Financial risk management objectives and policies (contd.)

(c) Interest rate risk (contd.)

Sensitivity analysis for interest rate risk

At the reporting date, if the rates had been 25 basis points higher/lower, with all other variables held constant, the Group's and the Company's net of profit/(loss), net of tax would have been RM25,393 (2014: RM18,005) and RM252 (2014: RM230) respectively, higher/lower interest expense on floating loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

32. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholders or issue new shares.

No changes were made in the objective, policies and processes during the years ended 31 December 2015 and 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowing, trade and other payables, less cash and bank balances. Capital includes equity attributable to equity holders of the Company.

The Group is not subject to externally imposed capital requirements.

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Loans and borrowings	23	19,511,772	16,638,399	273,538	292,146
Trade and other payables	24	13,433,755	22,646,530	310,884	588,645
Less: Cash and bank balances	22	(5,938,099)	(3,273,578)	(438,713)	(763,784)
Net debt		27,007,428	36,011,351	145,709	117,007
Capital					
Equity attributable to equity holders of the Company		50,287,971	50,047,614	42,643,146	44,835,716
Capital and net debt		77,295,399	86,058,965	42,788,855	44,952,723
Gearing ratio		34.94%	41.84%	0.34%	0.26%

33. Segment information

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(i) The manufacturing/corporate segment is involved in the manufacturing and sale of precast concrete, pipes, prestressed spun concrete piles and other related concrete products, and investment holding.

(ii) The property trading segment is in the business of property dealing and trading of properties.

(iii) The construction segment is involved in the installation of industrialised building system components.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

No geographical analysis has been presented as the Group's business interest is predominantly located in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015 (contd.)

33. Segment information (contd.)

	Manufacturing/ Corporate		Properties trading		Construction		Total segments		Adjustments and eliminations		Note	Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014		2015	2014
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM		RM	RM
Revenue:													
External customers	65,766,677	63,302,440	-	-	105,247	1,529,261	65,871,924	64,831,701	-	(257,263)		65,871,924	64,574,438
Inter-segment	42	49,000	-	-	-	-	42	49,000	(42)	(49,000)		-	-
Total revenue	65,766,719	63,351,440	-	-	105,247	1,529,261	65,871,966	64,880,701	(42)	(306,263)		65,871,924	64,574,438
Results:													
Interest income	55,747	116,940	-	-	802	2,367	56,549	119,307	-	-		56,549	119,307
Depreciation	4,454,042	4,132,962	194	195	-	-	4,454,236	4,133,157	-	-		4,454,236	4,133,157
Share of results of associate	-	-	(381,266)	(411,339)	-	-	(381,266)	(411,339)	-	-		(381,266)	(411,339)
Other non-cash expenses	807,321	5,154,979	-	-	-	-	807,321	5,154,979	-	-	A	807,321	5,154,979
Segment profit/ (loss)	2,623,985	(1,371,734)	(62,445)	(38,292)	(611,616)	201,017	1,949,924	(1,209,009)	(1,716,067)	(1,723,933)	B	233,857	(2,932,942)
Assets:													
Investment in an associate	-	-	1,755,468	2,136,734	-	-	1,755,468	2,136,734	-	-		1,755,468	2,136,734
Additions to non- current assets	1,226,738	6,819,776	-	-	-	-	1,226,738	6,819,776	-	-	C	1,226,738	6,819,776
Segment assets	78,055,271	83,612,217	1,779,173	1,843,046	2,944,067	3,126,752	82,778,511	88,582,015	1,573,680	1,485,065	D	84,352,191	90,067,080
Liabilities:													
Segment liabilities	31,749,896	38,612,358	4,064	5,424	2,492,048	2,053,353	34,246,008	40,671,135	(181,788)	(651,669)		34,064,220	40,019,466

33. Segment information (contd.)

Adjustments and eliminations

Inter-segment revenues are eliminated on consolidation.

A. Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2015 RM	2014 RM
Inventories written down	9	746,056	663,178
Impairment loss on trade receivables	9	60,456	4,490,869
Property, plant and equipment written off	9	809	932
		807,321	5,154,979

B. Reconciliation of profit/(loss) before tax

	Note	2015 RM	2014 RM
Segment profit/(loss)		1,949,924	(1,209,009)
Share of results of associate		(381,266)	(411,339)
Finance costs	8	(1,320,550)	(1,254,406)
Inter-segment costs		(14,251)	(58,188)
Profit/(loss) before tax		233,857	(2,932,942)

C. Additions to non-current assets

	Note	2015 RM	2014 RM
Property, plant and equipment	14	1,052,761	4,933,304
Investment properties under construction	15	173,977	1,886,472
		1,226,738	6,819,776

D. Reconciliation of assets

	Note	2015 RM	2014 RM
Segment assets		82,778,511	88,582,015
Investment in an associate	17	1,755,468	2,136,734
Inter-segment assets		(181,788)	(651,669)
		84,352,191	90,067,080

E. Reconciliation of liabilities

	Note	2015 RM	2014 RM
Segment liabilities		34,246,008	40,671,135
Inter-segment liabilities		(181,788)	(651,669)
Total liabilities		34,064,220	40,019,466

Information about a major customer

Revenue from one major customer amounted to RM7,336,550 (2014: RM7,029,901) arising from sales by the manufacturing/corporate segment.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015 (contd.)

34. Contingent liabilities

In prior year, the completion of the construction of a commercial complex on behalf of a customer by a subsidiary was delayed. As a result, the customer submitted a claim for loss of rental income amounting to approximately RM1,980,000.

The directors have represented that there has been no further correspondence received from the customer on said claim during the financial year. Accordingly, they are of the opinion that the claim is not probable and accordingly no provision for claim of loss on rental income has been made in the financial statements.

35. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2015 were authorised for issue by the Board in accordance with a resolution of the directors on 4 April 2016.

36. Supplementary information - breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 December 2015 and 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants.

	Group	
	2015	**2014**
	RM	RM
Total accumulated losses of the Company and its subsidiaries		
- Realised	(27,553,829)	(26,280,855)
- Unrealised	-	-
	(27,553,829)	(26,280,855)
Total share of accumulated losses from associate		
- Realised	(1,244,532)	(863,266)
- Unrealised	-	-
	(1,244,532)	(863,266)
Less: Consolidation adjustments	407,164	(1,487,433)
Accumulated losses as per financial statements	(28,391,197)	(28,631,554)

	Company	
	2015	**2014**
	RM	RM
Total accumulated losses of the Company		
- Realised	(36,036,022)	(33,843,452)
- Unrealised	-	-
Accumulated losses as per financial statements	(36,036,022)	(33,843,452)

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2016

SHARE CAPITAL

Authorised Share Capital	:	RM500,000,000
Issued and Paid-up Capital	:	RM73,582,500
Class of Share	:	Ordinary shares of RM1.00 each
Voting Rights	:	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Holders	% over Total Holders	Total Holdings	% over Total Holdings
1 to 99	369	13.39	14,328	0.02
100 to 1,000	298	10.82	225,297	0.30
1,001 to 10,000	1,656	60.11	7,101,850	9.65
10,001 to 100,000	393	14.26	10,895,200	14.81
100,001 to 3,679,124 (*)	36	1.31	27,938,975	37.97
3,679,125 and above (**)	3	0.11	27,406,850	37.25
	2,755	100.00	73,582,500	100.00

*Remark : * - Less than 5% of Issued Holdings*
*** - 5% and above of Issued Holdings*

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	No. of shares Held Direct	%	Indirect	%
1. Pacific Unit Sdn. Bhd.	9,281,600	12.61	-	-
2. Sarawak Economic Development Corporation	6,481,250	8.81	-	-
3. YBhg. Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	3,429,200	4.66	11,369,900(a)	15.45
4. Mr. Lim Nyuk Foh	16,648,100	22.63	3,646,385(b)	4.96

Notes:
(a) Deemed interested by virtue of his substantial shareholdings in Pacific Unit Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and through his son, Rewi Hamid Bugo pursuant to Section 134(12)(c) of the Companies Act, 1965
(b) Deemed interested by virtue of his substantial shareholdings in Bertam Development Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

DIRECTORS' SHAREHOLDINGS

	No. of shares held Direct	%	Indirect	%
YBhg. Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	3,429,200	4.66	11,369,900(a)	15.45
Mr. Lim Nyuk Foh	16,648,100	22.63	3,646,385(b)	4.96
YBhg. Datu Ir. Haji Mohidin Bin Haji Ishak	15,000	0.02	-	-
Tuan Haji Soedirman Bin Haji Aini	-	-	-	-
Encik Shamsul Anuar Bin Ahamad Ibrahim	-	-	-	-
Encik Rewi Hamid Bugo	2,088,300	2.84	9,281,600(c)	12.61

Notes:
(a) Deemed interested by virtue of his substantial shareholdings in Pacific Unit Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and through his son, Rewi Hamid Bugo pursuant to Section 134(12)(c) of the Companies Act, 1965
(b) Deemed interested by virtue of his substantial shareholdings in Bertam Development Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965
(c) Deemed interested by virtue of his substantial shareholdings in Pacific Unit Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2016 (contd.)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. HDM Capital Sdn. Bhd. for Lim Nyuk Foh	11,644,000	15.82
2.	Pacific Unit Sdn. Bhd.	9,281,600	12.61
3.	Sarawak Economic Development Corporation	6,481,250	8.81
4.	Bertam Development Sdn. Bhd.	3,646,385	4.96
5.	Yumas Enterprise Sdn. Bhd.	3,591,200	4.88
6.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Nyuk Foh	3,121,100	4.25
7.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chor Sek Choon	3,000,000	4.08
8.	Tommy Bin Bugo @ Hamid Bin Bugo	2,201,400	2.99
9.	HSBC Nominees (Tempatan) Sdn. Bhd. for Rewi Hamid Bugo	2,088,300	2.84
10.	AlliangeGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Nyuk Foh	1,259,000	1.71
11.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tommy Bin Bugo @ Hamid Bin Bugo	1,152,200	1.57
12.	Amanahraya Trustees Berhad for Amanah Saham Sarawak	1,000,000	1.36
13.	Chuan Thong Huat	708,400	0.96
14.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hamni Bin Juni	661,525	0.90
15.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Nyuk Foh	624,000	0.85
16.	Yeow Kheng Chew	500,000	0.68
17.	Lim Eng Leng	467,400	0.63
18.	Gan Lee Choo	410,000	0.55
19.	Desmond Chiong Chung Seng	300,000	0.41
20.	JF Apex Nominees (Tempatan) Sdn. Bhd. AISB For Tan Chye Lai (STA 3)	256,000	0.35
21.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Vathivaloo A/L A.S Ramaiah	241,300	0.33
22.	Tey Kay Vin	230,000	0.31
23.	Chin Fun Ming	226,300	0.31
24.	Su Ming Keat	219,200	0.29
25.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Zaidi Bin Ahmad	190,800	0.26
26.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ung Chin Min (M05)	175,000	0.24
27.	John Jong Khiam Yong	170,000	0.23
28.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Leon Chin Yee (E-KPG)	150,050	0.20
29.	Ho Kat Ann	150,000	0.20
30.	Matskak Bin Ngapin	139,000	0.19
	Total	**54,285,410**	**73.77**

PROPERTIES HELD BY THE GROUP
as at 31 December 2015

PROPERTIES ACQUIRED BY THE GROUP

Tenure	Description/ Location	Approximate Area (Sqm. / Acres)	Age of Building (Years)	Existing Use	Net Book Value (RM'000)	Date of Acquisition
60 years leasehold expiring 2069	Leasehold land at Lot No. 2351, Jalan Utama, 93450 Kuching, Sarawak (Amalgamation of land at lot 1167 and land at lot 1258, Jalan Utama, 93450 Kuching, Sarawak)	44,760 sq m (11 acres)	36	Factory Building & Office Premises	8,911	12 May 1975 (Land lot 1258) 1 March 1995 (Land lot 1167) 14 January 2009 (Land lot 2351, Amalgamated Land lot 1258 and Land lot 1167)
60 years leasehold expiring 2064	Leasehold land at Lot No. 1166, Block No. 8, Muara Tebas Land District, Kuching, Sarawak	40,470 sq m (10 acres)	10	Factory Building & Office Premises	11,114	24 August 2004
60 years leasehold expiring 2070	Leasehold land at Lot No. 1541, Block No. 8, Muara Tebas Land District, Kuching, Sarawak	12,500 sq m (3 acres)	3	Factory Building & Inventory Storage	1,409	26 July 2010

PROPERTIES LEASED BY THE GROUP

Tenure	Description/ Location	Approximate Area (Sqm. / Acres)	Age of Building (Years)	Existing Use	Net Book Value (RM'000)	Date of Completion
60 years leasehold expiring 2053 (The land is leased from a Related Party company under a 15 years lease term expiring in year 2022)	Leasehold land at Lot No. 830, Block No. 7, Sejingkat Industrial Park, Kuching, Sarawak	27,930 sq m (7 acres)	2	Factory Building on a leased land	815	Building acquired on 30 September 2014

SARAWAK CONSOLIDATED INDUSTRIES BERHAD
(Company No. 25583-W)
(Incorporated in Malaysia)

FORM OF PROXY

*I/We ....

of ....

....

being a member of **SARAWAK CONSOLIDATED INDUSTRIES BERHAD** hereby appoint ....

....

of ....

....

or failing *him/her ....

of ....

....

as *my/our proxy to vote for *me/us and on *my/our behalf at the Fortieth (40th) Annual General Meeting of the Company to be held at the Board Room, 2nd Floor, SCIB Building, Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak on Monday, 30 May 2016 at 12.00 noon and at any adjournment thereof for/against the resolutions to be proposed thereat.

*My/our proxy is to vote as indicated below:

	RESOLUTIONS	FOR	AGAINST
1	To approve the annual fees of the Non-Executive Directors for the financial year ending 31 December 2016		
2	To re-elect Tuan Haji Soedirman Bin Haji Aini as a Director		
3	To re-elect YBhg. Datu Ir. Haji Mohidin Bin Haji Ishak as a Director		
4	To re-elect Encik Shamsul Anuar Bin Ahamad Ibrahim as a Director		
5	To re-elect Encik Rewi Hamid Bugo as a Director		
6	To re-appoint YBhg. Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo as a Director		
7	To re-appoint Messrs. Ernst & Young as auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration		
8	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
9	To approve the Proposed Renewal of Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading nature		
10	To approve the Proposed Renewal of Authority for Purchase of Own Shares by the Company		

**Strike out whichever is not applicable*

Please indicate with an "X" in the appropriate box against each resolution how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

*The proportions of *my/our holdings to be presented by *my/our proxies are as follows:*

First named proxy	*%*
Second named proxy	*%*
	100%

*In case of a vote taken by a show of hands, the first named proxy shall vote on *my/our behalf.*

Dated ………………day of………………2016.

....
Signature of shareholder(s)/ Common Seal

Notes:

1. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *To be valid, the duly completed Form of Proxy must be deposited at the registered office of the Company at Lot 1258, Jalan Utama, Pending Industrial Estate, 93450 Kuching, Sarawak not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*
3. *A member of the Company entitled to attend, speak and vote at this Annual General Meeting ("AGM") shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
4. *If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
6. *A depositor whose name appears in the Record of Depositors as at 24 May 2016 shall be regarded as a member of the Company entitled to attend this AGM or appoint a proxy to attend, speak and vote on his behalf.*

Fold This Flap For Sealing

Then Fold Here

STAMP

The Company Secretary

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Lot 1258, Jalan Utama,
Pending Industrial Estate,
93450 Kuching, Sarawak,
Malaysia.

1st Fold Here

SARAWAK CONSOLIDATED INDUSTRIES BERHAD

COMPANY NO 25583-W

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Tel: +60 82-334 485 Fax: +60 82-334 484
Email: scib@scib.com.my