

**SEAL**  
INCORPORATED BERHAD (4887-M)



Continuous growth  
towards greater heights

Annual Report 2017

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## CORPORATE INFORMATION

### DIRECTORS

Tuan Haji Abdul Hamid Bin Mohd Hassan  
*Chairman, Executive Director*

Dato' Sri Koay Teng Choon  
*Executive Director*

Fang Siew Hong  
*Executive Director*

Fang Pern Kok  
*Non-Independent Non-Executive Director*

Datuk Tan Hiang Joo  
*Independent Non-Executive Director*

Yang Teramat Mulia Raja Kecil Tengah Perak  
Raja Dato' Seri Iskandar Bin Raja Ziran @ Raja Zaid  
*Independent Non-Executive Director*

Allen Chee Wai Hong  
*Independent Non-Executive Director*

### AUDIT COMMITTEE

#### Chairman

Allen Chee Wai Hong

#### Members

Yang Teramat Mulia Raja Kecil Tengah Perak  
Raja Dato' Seri Iskandar Bin Raja Ziran @ Raja Zaid  
Datuk Tan Hiang Joo

### EXECUTIVE COMMITTEE

#### Chairman

Fang Siew Hong

#### Members

Tuan Haji Abdul Hamid Bin Mohd Hassan  
Dato' Sri Koay Teng Choon

### REMUNERATION COMMITTEE

#### Chairman

Fang Pern Kok

#### Members

Dato' Sri Koay Teng Choon  
Fang Siew Hong  
Datuk Tan Hiang Joo  
Allen Chee Wai Hong

### NOMINATING COMMITTEE

#### Chairman

Fang Pern Kok

#### Members

Datuk Tan Hiang Joo  
Allen Chee Wai Hong

### ESOS COMMITTEE

#### Chairman

Tuan Haji Abdul Hamid Bin Mohd Hassan

#### Members

Fang Siew Hong  
Fang Pern Kok

### SECRETARIES

Chan Yoke Yin (MAICSA 7043743)  
Chan Eoi Leng (MAICSA 7030866)  
Chai Churn Hwa (MAICSA 0811600)

### REGISTERED OFFICE

55A, Medan Ipoh 1A, Medan Ipoh Bistari  
31400 Ipoh, Perak Darul Ridzuan  
Telephone No.: 05-5474833  
Fax No.: 05-5474363

### REGISTRARS

#### Symphony Share Registrars Sdn. Bhd.

Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya, Selangor  
Telephone No.: 03-78490777  
Fax No.: 03-78418151

### PRINCIPAL PLACE OF BUSINESS

Level 3A, ELIT Avenue Business Park  
1-3A-18, Jalan Mayang Pasir 3  
11950 Bayan Baru, Penang  
Tel No.: 04-6183333  
Fax No.: 04-6370333  
Website: [www.sib.com.my](http://www.sib.com.my)

### AUDITORS

#### Grant Thornton

51-8-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang, Malaysia

### BANKERS

AmBank (M) Berhad  
Al Rajhi Banking & Investment Corporation (Malaysia) Bhd  
United Overseas Bank (Malaysia) Berhad  
Malayan Banking Berhad  
CIMB Bank Berhad  
Hong Leong Islamic Bank Berhad  
OCBC Bank (Malaysia) Berhad  
Public Bank Berhad

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fifty-Fifth Annual General Meeting (“AGM”) of Seal Incorporated Berhad (“SEAL”) will be held at Olive Tree Hotel, Olive 7 & 8, Level 6, 76 Jalan Mahsuri, 11950 Bayan Lepas, Penang, Malaysia on Thursday, 7 December 2017 at 9.30 a.m. for the following purposes:

## AGENDA

### As ORDINARY BUSINESS:

	<b>ORDINARY RESOLUTION (Please refer to Note 2)</b>
1. To receive the Audited Financial Statements for the financial year ended 30 June 2017, together with the Directors’ and Auditors’ Reports thereon.	
2. To approve the payment of Directors’ fees of RM138,000 in respect of the financial year ended 30 June 2017.	<b>1</b>
3. To re-elect the following Directors retiring pursuant to the Articles of Association of the Company:	
3.1 Fang Pern Kok	<b>2</b>
3.2 Datuk Tan Hiang Joo	<b>3</b>
3.3 Yang Teramat Mulia Raja Kecil Tengah Perak Raja Dato’ Seri Iskandar Bin Raja Ziran @ Raja Zaid	<b>4</b>
4. To re-appoint Tuan Haji Abdul Hamid Bin Mohd Hassan as a Director of the Company.	<b>5</b>
5. To re-appoint Grant Thornton as Auditors of the Company for the financial year ending 30 June 2018 and to authorise the Directors to fix their remuneration.	<b>6</b>

### As SPECIAL BUSINESS:

6. To consider and, if thought fit, pass the following resolutions:	<b>7</b>
<b>6.1 Authority to Allot and Issue Shares in General Pursuant to Section 75 of the Companies Act, 2016</b>	

“That, subject to the Companies Act, 2016 and the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 75 of the Companies Act, 2016 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deemed fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

“AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities and FURTHER THAT such authority shall continue to be in force until the conclusion of the Annual General Meeting of the Company held next after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval is given, whichever is the earlier.”

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### 6.2 Proposed Renewal of Share Buy Back Authority

8

"That, subject to the Companies Act, 2016, the provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy Back") provided that:

- i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- ii) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy Back shall not exceed the Retained Profits of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy Back. As at 30 June 2017, the Retained Profits of the Company is RM42,975,077.
- iii) the shares purchased by the Company pursuant to the Proposed Share Buy Back may be dealt with in all or any of the following manner (as selected by the Company):
  - a) the shares so purchased may be cancelled; and/or
  - b) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
  - c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

And that any authority conferred by this resolution may only continue to be in force until:

- i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting, whichever occurs first.

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### 6.2 Proposed Renewal of Share Buy Back Authority (cont'd)

And that authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Companies Act, 2016, the provisions of the Memorandum and Articles of Association of the Company and the Main LR and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities."

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

**FURTHER NOTICE IS HEREBY GIVEN THAT** only members whose names appear on the Record of Depositors as at 23 November 2017 shall be entitled to attend the AGM or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.

By Order of the Board

Chan Yoke Yin (MAICSA 7043743)  
 Chan Eoi Leng (MAICSA 7030866)  
 Chai Churn Hwa (MAICSA 0811600)

Chartered Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia  
 31 October 2017

### NOTES:

#### 1. PROXY

A member (other than an exempt authorised nominee) entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies. A proxy may but need not be a member of the Company.

Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an 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 but the proportion of holdings to be represented by each proxy must be specified.

The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. If under the hand of attorney/authorised officer, the Power of Attorney or Letter of Authorisation must be attached.

# NOTICE OF ANNUAL GENERAL MEETING (cont'd)

## 1. PROXY (cont'd)

The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55A Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting. Faxed or emailed copies are not acceptable.

For verification purposes, members and proxies are required to produce their original identity card at the registration counter. No person will be allowed to register on behalf of another person even with the original identity card of that other person.

Personal Data Privacy – By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with the Personal Data Protection Act 2010. Further, you hereby warrant that relevant consent has been obtained by you for us to process any third party's personal data in accordance with the said Act.

## 2. AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 JUNE 2017

Agenda 1 is meant for discussion only as Section 340(1) of the Companies Act, 2016 only requires the Audited Financial Statements to be laid before the Company at the Annual General Meeting and not shareholders' approval. Hence, Agenda 1 will not put forward for voting.

## 3. DIRECTORS' FEES

Section 230 (1) of the Companies Act, 2016 provides amongst others, that "fees" of the directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval is sought for the payment of Directors' fees in respect of the financial year ended 30 June 2017 under Resolution 1.

The fees for the Non-Executive Directors were increased back in financial year ended 30 June 2015. Therefore, based on the recommendation by the Remuneration Committee, the Board decided that the Directors' fee in respect of the financial year ended 30 June 2017 shall remain unchanged.

## 4. RE-ELECTION OF DIRECTORS

Fang Pern Kok and Datuk Tan Hiang Joo retire in accordance with Article 81 of the Company's Articles of Association and being eligible, have offered themselves for re-election at this Fifty-Fifth AGM.

Yang Teramat Mulia Raja Kecil Tengah Perak Raja Dato' Seri Iskandar Bin Raja Ziran @ Raja Zaid, who was appointed an Independent Non-Executive Director on 27 February 2017 retires in accordance with Article 88 of the Company's Articles of Association and being eligible has also offered himself for re-election at this Fifty-Fifth AGM.

The Board has via the Nominating Committee conducted an assessment on the effectiveness and contributions of the said retiring Directors including their skills, experience, competency and commitment, and has recommended for them to be re-elected to the Board. The profile of the retiring Directors is set out in the Profile of Directors on page 15 to page 17 of the Annual Report 2017.

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### 5. RE-APPOINTMENT OF TUAN HAJI ABDUL HAMID BIN MOHD HASSAN

Tuan Haji Abdul Hamid Bin Mohd Hassan is above 70 years of age and pursuant to the resolution passed at the 2016 Annual General Meeting (AGM) held on 13 December 2016, he would be retiring at the forthcoming AGM. Section 129 of the Companies Act, 2016 requires a Director who reaches 70 years of age to retire annually but there is no age limit under the new Companies Act, 2016. Hence, a Director who has reached 70 years of age no longer needs to retire annually but will be subject to retirement by rotation pursuant to the Company's Articles of Association.

The Board has via the Nominating Committee conducted an assessment on the effectiveness and contributions of the said retiring Director including his skills, experience, competency and commitment, and has recommended for him to be re-appointed as Director of the Company at the Fifty-Fifth AGM to hold office until his retirement in accordance with the Company's Articles of Association. The profile of the retiring Director is set out in the Profile of Directors on page 15 of the Annual Report 2017.

### 6. RE-APPOINTMENT OF AUDITORS

The Audit Committee ("AC") has carried out an assessment of the suitability and independence of the external auditors, Grant Thornton and was satisfied with the suitability of Grant Thornton based on the quality of audit, performance competency and sufficiency of resources the external audit team provided to the Group. The AC in its assessment also found Grant Thornton to be sufficiently objective and independent.

The Board therefore approved the AC's recommendation that the re-appointment of Grant Thornton as external auditors of the Company be put forward to shareholders for approval at the 2017 AGM.

### 7. AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016

The Ordinary Resolution proposed under item 6.1 if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting ("AGM") until the next AGM to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company ("Share Mandate"). This Share Mandate will expire at the conclusion of the next AGM of the Company, unless revoked or varied at a general meeting. With this Share Mandate, the Company will be able to raise capital from the equity market in a shorter period of time compared to a situation without the Share Mandate. The Share Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from and cost involved in convening an Extraordinary General Meeting ("EGM") to approve such issuance of shares should be eliminated. However, the Company will have to seek shareholders' approval at an EGM to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

This Share Mandate is a renewal of the mandate obtained from the shareholders of the Company at the AGM held on 13 December 2016. The Company did not utilise the mandate obtained at the last AGM and thus no proceeds were raised from the previous mandate.

### 8. PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY

The Ordinary Resolution proposed under item 6.2, if passed, will empower the Directors to purchase the Company's shares through Bursa Malaysia Securities Berhad up to 10% of the issued and paid-up share capital of the Company. Details of the Proposed Share Buy Back is set out in the Circular to Shareholders of the Company, which is sent out together with the Company's 2017 Annual Report.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Group's Business And Operation Overview

Starting as a company involved in the integrated timber industry, Seal Incorporated Berhad ("Seal") metamorphosed into a property based company with the full spectrum of property related activities, namely, property development, property management, property investment and construction under its wing. Despite the development activities carried out in the North, the Group has made an entry into Cheras with a bang, as a turnkey contractor to this Queensville mixed development project at Bandar Sri Permasuri which now is the talk of the town. It will not only alter Cheras' skyline it will propel demographic changes and make Cheras a commercial hub.

## Financial Performance Review

For the financial year ended 30 June 2017, the Group recorded revenue of RM83.2 million and profit before tax of RM8.7 million, an increase of RM11.5 million revenue and RM3.5 million for profit before tax. Property development and construction generates about 72% of the Group's revenue while property management and property investment contributes about 26%.

The increase in both revenue and profit before tax in financial year 2017 mainly came from sales of completed units from Bayan City development project which contributed about RM14 million. Construction work in Queensville (Phase 1) is well in progress and has generated approximately RM45.7 million to the Group's revenue.

Selayang Mall is one of the leading shopping malls in Northern Klang Valley. In view of the current depressing global economic condition, there was a decrease of RM0.7 million in revenue compared to last financial year 2016, being mainly due to some rental reduction requested by tenants. However, the mall's management team is able to sustain high occupancy rate throughout the financial year and continues to generate approximately RM20 million in revenue for the Group. While Elit Avenue commercial lots at Bayan City continue to increase in occupancy rate throughout the financial year bringing in some RM1.9 million in revenue.

## Market outlook

The year 2017 although Malaysia's economy was projected to expand by between 4.3 – 4.8 % (now revised to 5%), buoyed by expectation of strong domestic demand and to great extent on global recovery. Property market was and is, however at a very low ebb on all fronts with buyers unable to obtain end financing, developers with hardly any bridging finance and contractors unable to keep costs low on account of rising labour costs and escalating prices of materials. GST does not help either. Malaysia's economic health ultimately has to be underpinned primarily by other sector activities while the Government remains committed on fiscal consolidation and encourage increased public sector spending to spur growth.

Affordable housing has taken up all the space in the 2017 drawing board but with the current price tags for these houses which has outstripped the first buyer income levels, the result is so called affordable homes are beyond the reach of most of the targeted group of Malaysians. To compound the mismatch there seems to be sustainable demand for high priced luxury homes which Developers are more keen to build. Not only the prices of the house as a major factor in the sluggish property market, another two key contributing factors i.e. (1) cost of purchasing and (2) cost of maintaining the house, in turn influence decision to buy or not to buy. Although, Penang has been ranked third in the unaffordable housing state based on Bank Negara's Annual Report 2016, we, in launching our new projects will ensure that our property price remain within the reasonable range.

We anticipated mixed performance results amidst trying times where property price continue to soar high and the uncertainty of property market in year 2017, nevertheless we are glad that we ended 2017 leading this group fully focused on the delivery of our strategies across a broad spectrum of business operations. We withstood the trials and tribulations and emerged with decent financial results.

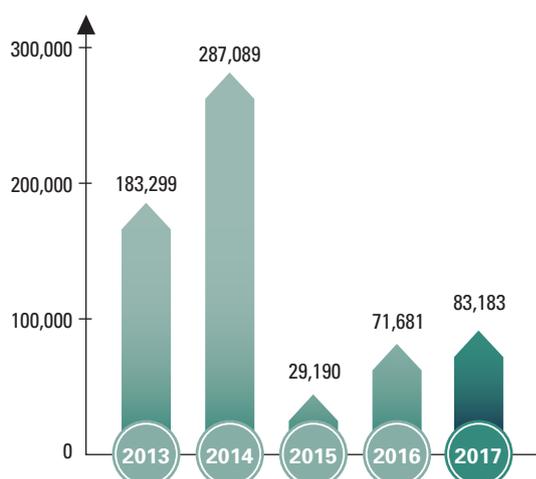
## Business prospects moving forward

To remain competitive and strengthening the Group's position in the market, the Group will strive to continually improve its operational efficiency including managing expenditures prudently, our business profitability and nurturing our talents through improvement of skills. Hence, barring any unforeseen circumstances, the Group is well-position to ride through the challenges and will continue to delivery satisfactory results for the coming years.

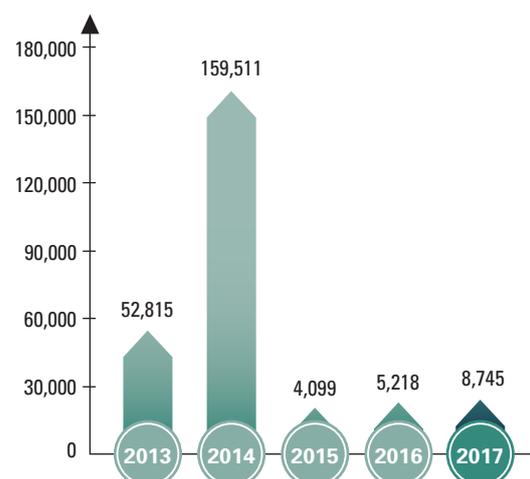
## FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

Year	2013	2014	2015	2016	2017
Revenue (RM'000)	183,299	287,089	29,190	71,681	<b>83,183</b>
Profit before taxation (RM'000)	52,815	159,511	4,099	5,218	<b>8,745</b>
Profit/(Loss) after taxation (RM'000)	34,779	115,431	(6,716)	2,837	<b>824</b>
Profit/(Loss) attributable to:					
owners of the parent (RM'000)	19,581	59,393	(5,523)	3,596	<b>(9,037)</b>
non-controlling interests (RM'000)	15,198	56,038	(1,193)	(759)	<b>9,861</b>
Total assets (RM'000)	297,044	403,000	385,350	388,541	<b>358,013</b>
Shareholders' equity (RM'000)	183,665	244,494	237,640	241,198	<b>252,219</b>
Basic earnings/(losses) per share (sen)	9.07	27.52	(2.56)	1.67	<b>(3.98)</b>
Net assets per share (RM)	0.85	1.13	1.10	1.12	<b>1.06</b>

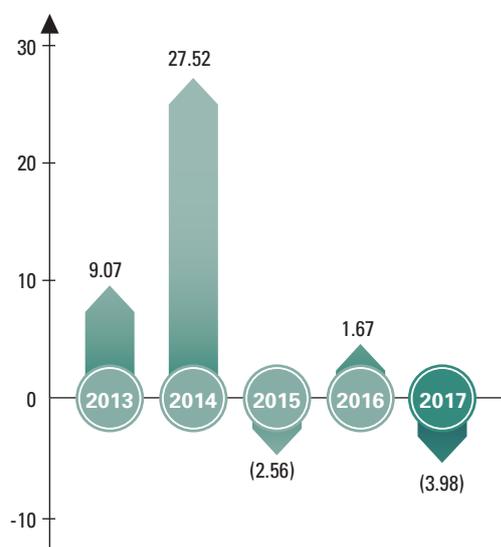
### REVENUE (RM'000)



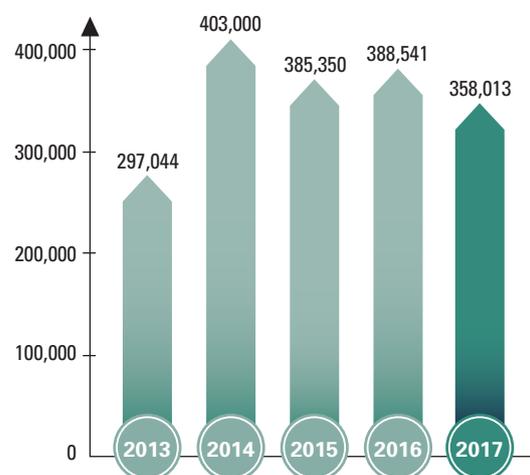
### PROFIT BEFORE TAXATION (RM'000)



### BASIC EARNINGS/(LOSSES) PER SHARE (SEN)



### TOTAL ASSETS (RM'000)



## SUSTAINABILITY STATEMENT

**Economic, environmental and sustainability, the three pillars to sustainability is important in pursuing of harmonious synergy between corporate and social obligations. To achieve sustainable corporate success, it includes measuring up to the public expectations on corporate governance, environmental and social responsibilities. Seal Incorporated Bhd (“Seal”) acknowledges that a good corporate governance framework, environmental responsible practices and sound social policies would enable Seal to achieve sustainable growth and to enhance long-term value for its shareholders.**

### SCOPE OF SUSTAINABILITY AND BASIS FOR THE SCOPE

Pursuant to Bursa Malaysia Securities Berhad’s Sustainably Reporting Guide, Seal’s sustainability framework is based upon evaluation on the economic, environment and social risk and opportunity that coexistent with Seal’s corporate governance framework and social responsibilities.

### ECONOMIC

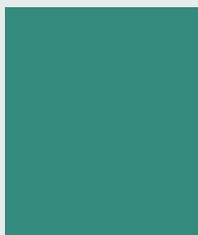
Seal realises that its success is determined by delivery of quality products, to build stakeholder and client satisfaction. Seal strives to adopt the best practices and maintain a high standard of corporate governance with objective of safeguarding its shareholders’ value and other stakeholders’ interest. Seal is therefore committed to achieve and maintain excellence in all the projects and takes into consideration the preservation of the natural environment. Seal does its best to ensure minimal disruption to the communities living in close proximity to its projects to reflect Seal’s values as a socially responsible organisation.

Seal upholds integrity in all its engagements with stakeholders by ensuring delivery products and services of the highest quality in order to enhance lives and to protect the natural environment for future generations.

Seal acknowledges its responsibility to keep its shareholders and the investment community updated on its performance and plans moving forward. Seal’s corporate website is accessible by general public and provides a venue for public to gain a better understanding of Seal’s operations, strategies, performance and growth prospects.

The AGM and EGM, if any serve as a platform and ideal opportunities for the board members of Seal to communicate with shareholders. During the AGM, the board members of Seal present an overview of the Group’s business strategy, performance and major developments. Shareholders are encouraged to participate in the question and answer sessions. The board members, senior management and the Group’s external auditors and relevant advisers are available to respond to shareholders’ queries.

## SUSTAINABILITY STATEMENT (cont'd)



### ENVIRONMENT

#### Environmental Conservation through Environmental Initiatives

Minimisation of waste, emission and the adverse impact on environment due to new developments on urban infrastructure, Seal believes that emphasis should be placed on conservation of environment. Seal acknowledges that it has a duty to ensure its operations are carried out in an environmentally responsible manner. It has identified some of the environmental friendly initiatives and has channeled its resource to lower its carbon footprint.

In its effort to prevent wastage and to promote environmental friendly awareness among its employees, Seal has adopted a green policy by educating its employees to adopt environmental-friendly approach towards daily operations. Several practices have been put in practice to instill recycling habit on its employees. The practices include recycling paper, documents to be printed on double-sided to reduce usage of paper and documents circulated through electronic communication channels to be printed only when necessary. Apart from recycling policy, simple energy saving methods were introduced to its employees such as switching off non-essential equipment, lighting, electrical devices or air-condition when not in use.

Arbor was originated from Latin word and it meant tree. It is an event in which individuals and groups are encouraged to plant trees. This financial year Seal has participated in Distd College D'Arbor which was held on 26 November 2016 and Seal has provided the sponsorship for tree planting activity.

## SUSTAINABILITY STATEMENT (cont'd)

### SOCIAL

#### Workforce

The foundation of a great company is built on the efforts of its great employees. In today's increasingly globalised and competitive environment, to attract, groom and retain competent and high-skilled talent has become one of the challenges faced by corporations. Seal recognised the value, importance and invaluable contribution by the employees in driving the organisation to growth and success. Therefore, motivating, developing and retaining employees in the workplace are very important to meet the needs of different segments, which require various skills, capabilities and expertise from its employees.

Maximisation of employees' full potential to meet their responsibilities and perform at their best to achieve both personal and corporate goals, Seal continues to prioritise training and development programmes that create opportunities for professional growth for its employees. Various external and in-house training are conducted by Seal for its employees to enhance their knowledge, skills and to keep abreast with latest developments.

Fostering happy and harmonious workplace, Seal provide opportunities for its employees to engage in activities that are recreational in order to create a healthy work-life balance. Such activities have added benefits of reinforcing interpersonal relationships and enhancing team spirit. A variety of events that cater to different interests, generally take the form of CSR activities, annual dinner, company trips, outings, employees' birthday celebration as well as sports and recreational activities.



## SUSTAINABILITY STATEMENT (cont'd)



### Society

A symbiosis that exist between a company and the community that allows a company to sustain its businesses, hence, a contribution to society is equally important.

As a corporate responsible citizen of the business community, Seal has continued to contribute to society. As for this financial year, Seal has made contribution to various charity homes, shelters and community centers. Seal has also provided financial assistance to underprivileged students through the Back to School Programme. The financial assistance include purchase of reference books, school uniforms, shoes, other school necessities for low income families, meal sponsorship, organising motivational talks or activities that bring positive impact on their learning development. Continuous efforts are being contributed in Selayang Mall by raising donations to those in need, sponsorship and co-organizing society events include blood donation campaign, organ donation awareness road tour campaign and education road tour.





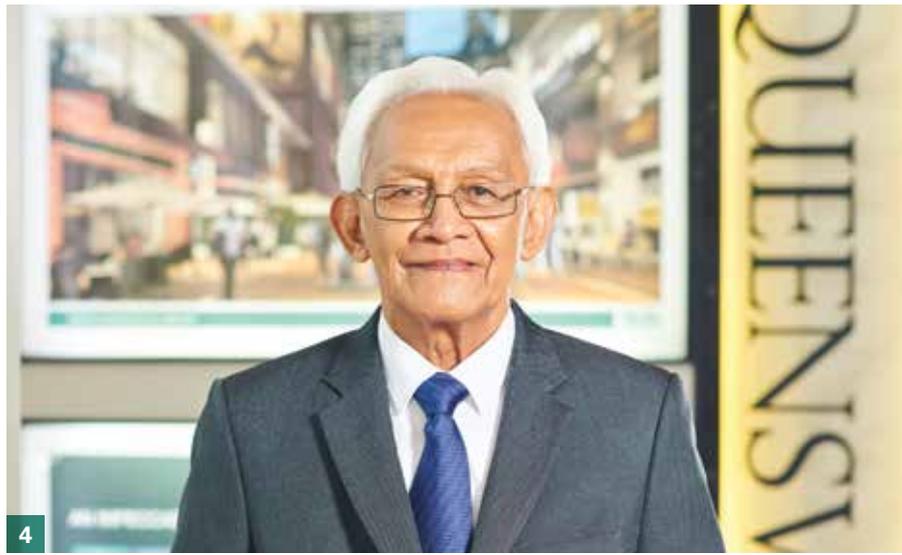
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# Profile of Directors

1. DATO' SRI KOAY TENG CHOON
2. ALLEN CHEE WAI HONG
3. TUAN HAJI ABDUL HAMID BIN MOHD HASSAN
4. YANG TERAMAT MULIA RAJA KECIL TENGAH PERAK  
RAJA DATO' SERI ISKANDAR BIN RAJA ZIRAN @ RAJA ZAID
5. FANG PERN KOK
6. FANG SIEW HONG
7. DATUK TAN HIANG JOO

## **TUAN HAJI ABDUL HAMID BIN MOHD HASSAN**

79 years of age | Male | Malaysian

*Chairman, Executive Director*  
*Chairman, ESOS Committee*  
*Member, Executive Committee*

He was appointed to the Board on 7 February 2002. He became a member of the Remuneration Committee and Executive Committee on 22 August 2002. Subsequently, he resigned as member of Remuneration Committee on 28 October 2016.

He was President of the Malaysian Institute of Taxation. He has 33 years of experience working in the Department of Inland Revenue from which he retired in June 1993 as Deputy Director General. He was the General Manager of Paramount Malaysia (1963) Sdn. Bhd. from July 1993 to August 1997 and the General Manager of the taxation division of the See Hoy Chan Sdn. Bhd. group of companies from August 1997 to January 2002.

He also sits on the Board of the Company's subsidiary, Great Eastern Mills Berhad and several other subsidiaries.



## PROFILE OF DIRECTORS (cont'd)

### DATO' SRI KOAY TENG CHOON

54 years of age | Male | Malaysian

*Executive Director*

*Member, Executive Committee*

*Member, Remuneration Committee*

He was appointed to the Board on 12 September 2005. He was then appointed as Chairman of the Remuneration Committee and as a member of the Nominating Committee on 20 April 2012. Subsequently, he was redesignated as a member of the Remuneration Committee, ceased to be member of the Nominating Committee and appointed as a member of the Executive Committee on 24 November 2014. He has been a director of several private limited companies involved in trading and investment holding since year 1999.

### FANG SIEW HONG

41 years of age | Female | Malaysian

*Executive Director*

*Chairman, Executive Committee*

*Member, Remuneration Committee*

*Member, ESOS Committee*

She was appointed to the Board as Executive Director of the Company on 12 September 2005. She was also appointed as a member of the Executive Committee on even date and subsequently redesignated as Chairman of the Executive Committee on 24 November 2014. She was then appointed as member of Remuneration Committee on 28 October 2016.

She graduated with a Bachelor of Commerce, Accounting & Information Systems from Deakin University, Australia. She has gained various exposures and has extensive experience in auditing, taxation, management and planning in finance and accounts.

She also sits on the Board of the Company's subsidiary, Great Eastern Mills Berhad and several other subsidiaries.

Fang Siew Hong is the daughter of Fang Pern Kok, a Non-Independent Non-Executive Director, and sister of Fang Siew Poh. Fang Pern Kok and Fang Siew Poh are substantial shareholders of the Company. Fang Siew Hong is also deemed connected to Kesan Anggun Sdn. Bhd., a substantial shareholder of the Company.

### FANG PERN KOK

65 years of age | Male | Malaysian

*Non-Independent Non-Executive Director*

*Chairman, Remuneration Committee*

*Chairman, Nominating Committee*

*Member, ESOS Committee*

He was appointed to the Board on 3 October 2014. He was then appointed as Chairman of the Remuneration Committee and Nominating Committee on 24 November 2014. He has been director of several private limited companies involved in investment holding since 1980.

Fang Pern Kok is the father of Fang Siew Hong, an Executive Director, and Fang Siew Poh. Fang Siew Hong and Fang Siew Poh are substantial shareholders of the Company and Fang Pern Kok is also deemed connected to Kesan Anggun Sdn. Bhd., a substantial shareholder of the Company.

## PROFILE OF DIRECTORS (cont'd)

### **YANG TERAMAT MULIA RAJA KECIL TENGAH PERAK RAJA DATO' SERI ISKANDAR BIN RAJA ZIRAN @ RAJA ZAID**

76 years of age | Male | Malaysian

*Independent Non-Executive Director  
Member, Audit Committee*

He was appointed to the Board and the Audit Committee on 27 February 2017. He graduated from Malay College Kuala Kangsar, Perak obtaining Federation of Malaya Certificate of Education Grade III. He was appointed as Registrar of Session Court, Penang in 1980 and subsequently in year 1994 he was appointed as Senior Registrar of Subordinate Courts, Penang until his retirement in July 1996. On July 2016, he was appointed as Yang Teramat Mulia Raja Kecil Tengah Perak by His Royal Highness Sultan Nazrin Muizzuddin Shah Ibni Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah, Sultan of Perak on the advice of Majlis Mesyuarat Dewan Negara Perak. He was conferred the Title of Dato' Seri by His Royal Highness Sultan of Perak on August 2016.

### **DATUK TAN HIANG JOO**

54 years of age | Male | Malaysian

*Independent Non-Executive Director  
Member, Audit Committee  
Member, Remuneration Committee  
Member, Nominating Committee*

He was appointed to the Board on 3 October 2014. He was then appointed as a member of the Audit Committee and Nominating Committee on 24 November 2014. Subsequently, he was appointed as member of Remuneration Committee on 30 November 2016.

He holds a law degree LLB (Hons) from University of Malaya and is an advocate and solicitor with the High Court of Malaya. He has been in practice since 1989 and is a partner of Syarikat Ng & Anuar. He was a Penang Municipal Councilor from 1998 to 1999. He is the Vice President of Penang Chinese Chamber of Commerce and Chairman of the Penang Chinese Chamber of Commerce Charity Fund Committee. He is also a member of Board of Governors of Han Chiang College, Han Chiang Secondary and Primary Schools.

He is also an Independent Non-Executive Director of Eupe Corporation Berhad which is listed on Bursa Malaysia Securities Berhad.

### **ALLEN CHEE WAI HONG**

44 years of age | Male | Malaysian

*Independent Non-Executive Director  
Chairman, Audit Committee  
Member, Remuneration Committee  
Member, Nominating Committee*

He was appointed to the Board and the Audit Committee on 20 April 2012. He was also appointed as a member of the Remuneration Committee and Nominating Committee on even date. He was then appointed as Chairman of the Audit Committee on 24 November 2014.

He holds an LL.B Honours Degree from University of London, United Kingdom and a Master Degree in Business Administration from University Utara Malaysia. He is a qualified Advocate and Solicitor and is a member of the Malaysian Bar. He is also a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom and a Member of the Malaysian Institute of Accountants.

He helmed the position of Executive Director of a Main Market listed company in Malaysia for 12 years where he was involved in the area of corporate finance and accounting. He is now a partner of a public practice in Penang.

## SENIOR MANAGEMENT

### HONG TEIK GUAN

54 years of age | Male | Malaysian

*General Manager – Property Development Division*

He has joined SEAL Group as General Manager for Property Development division on 20 April 2015.

He graduated with a Bachelor in Civil Engineering majoring in Prestressed Concrete Design from Swinburne University of Technology, Australia.

He has more than twenty six (26) years of experience in overall planning and implementation of property development projects from inception to completion. Prior to joining SEAL Group, he was with Plenitude as Northern Region General Manager where he covered both Penang and Sungai Petani branches. Prior to Plenitude, he was attached to various established consultant firm, construction and property development companies, namely Tesco Store, Hunza Property Berhad, Nice Saga Development Sdn Bhd and Jurutera T&T.

### LOW WAI YEN

43 years of age | Female | Malaysian

*General Manager – Mall Management Division*

She has joined SEAL Group as General Manager for Mall Management division on 05 May 2015.

She graduated with Chartered Institute of Marketing (CIM), UK.

She has more than eighteen (18) years of experiences in Mall Management. Prior to joining SEAL Group, she was with Mainstay Properties Sdn Bhd as General Manager leading the property investment which was actively involved in the planning for a premium outlet mall in Selangor.

### TEOH CHIEW BENG

47 years of age | Male | Malaysian

*Assistant General Manager – Construction Division*

He has joined SEAL Group as Contract Manager on 20 September 2010 and he is now as Assistant General Manager for Construction division of the Group.

He graduated with Diploma in Tech. (Building) from Tunku Abdul Rahman College, Malaysia.

He has more than nineteen (19) years of experience in Construction industry. Prior to joining SEAL Group, he was attached to various established construction and property development companies, namely Dekon Sdn Bhd, Ideal Capital Intelligence Sdn Bhd and Teh Kee Sing Engineering Sdn Bhd.

### FAN AUN NAH

39 years of age | Female | Malaysian

*Assistant General Manager – Finance and Accounts Division*

She has joined SEAL Group as Accountant in year 2006 and she is now as Assistant General Manager for Finance and Accounts division of the Group.

She graduated with a professional qualification from The Association of Chartered Certified Accountants (ACCA) and she is currently a Fellow Chartered and Certified Accountants (FCCA). She began her career as an auditor and tax consultant before moving into manufacturing and trading sector with a public listed company in Malaysia. She has more than sixteen (16) years of experiences in professional accountancy, auditing, taxation, management and planning.

# STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (“Board”) acknowledges the importance of good corporate governance for long term sustainable business growth and is committed to ensure the highest standards of corporate governance are practiced throughout Seal Incorporated Berhad and its subsidiaries (“Group”).

The Board is committed in applying the highest standards of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to safeguard shareholders’ investment and to protect the interests of stakeholders.

This Statement is prepared pursuant to Paragraph 15.25 of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”) and describes how the Group has applied the principles as defined in the Malaysian Code on Corporate Governance (“MCCG”).

## PRINCIPLES STATEMENTS

The following statements described the application of the principles and recommendation of the Code by the Group.

### 1. ESTABLISHED CLEAR ROLES AND RESPONSIBILITIES

#### **Duties and Responsibilities of the Board**

The Group recognises the pivotal role played by the Board in the stewardship of its directions, operation and ultimately enhancement of long-term shareholders’ value. Hence, the Board is primarily responsible for overall governance of the Group with an active role in setting, leading the long-term direction, corporate strategy of the Group.

Generally, the Executive Directors are responsible for the day-to-day management of the Group’s business which includes decision-making on operation matters and implementation of the policies, strategic plans and decisions approved by the Board while the Non-Executive Directors contribute their knowledge and experience in business strategic plans.

The Independent Non-Executive Directors contribute to the formulation of policies and decision making of the Group by providing independent judgment, experience and objectivity without being subordinated to operational considerations. They bring the caliber necessary to carry sufficient weight in the Board’s decisions, to ensure the interests of all stakeholders are taken into account and that the relevant issues are subjected to objective and impartial consideration by the Board.

The roles and responsibilities for the Chairman have been defined in the Board Charter to ensure that there is balance of power and authority.

#### **Formalise Ethical Standards through Code of Conduct (“Code”)**

The approval and adoption of the Code formalised the standard of responsibility and obligation to promote fair dealing, integrity and ethical conduct amongst the Group’s directors and employees. The Code serves as a road map to guide the actions and behaviours for working and dealings within the Group. The Code includes mechanism amongst other whistleblower policy for the Group’s directors and employees to report genuine suspicions of non-compliance without fear of retribution or retaliation. A copy of the Code is available on the Group’s website at [www.sib.com.my](http://www.sib.com.my).

#### **Strategies Promoting Sustainability**

The Group is committed towards building an enduring business model that take into consideration the marketplace, workplace, environment, community and balance between business opportunity and risks in order to deliver lasting value for the shareholders and stakeholders. The sustainability strategies are aligned and incorporated into corporate strategies, which embedded as part of the sustainable day-to-day business activities. A copy of the Sustainability Policy is available on the Group’s website at [www.sib.com.my](http://www.sib.com.my). Details of the Group’s year 2017 corporate responsibility activities are disclosed in the Sustainability Statement of this Annual Report.

## STATEMENT OF CORPORATE GOVERNANCE (cont'd)

### 1. ESTABLISHED CLEAR ROLES AND RESPONSIBILITIES (cont'd)

#### Access to Information and Advice

The Board has the full and unrestricted access to timely and accurate information of the Group. The agenda and board papers are circulated to the Board member at least seven (7) days before the Board meeting to allow the directors to review, consider and deliberate knowledgeably on the issues and when necessary, to obtain further information, explanation and clarification on the matter to be discussed to facilitate informed decision making.

The directors have unrestricted access to the advice and services of the Company Secretaries and senior management. The Board may also seek independent professional advice at the company's expenses, if required, in furtherance of their duties.

#### Qualified and Competent Company Secretaries

The Company Secretaries play an advisory role to the Board in relation to the Company's Articles of Association, Board's policy and procedures, and compliance with the relevant regulatory requirements, codes or guidelines and legislations. They are responsible for developing and maintaining the processes that enable the Board to fulfil its role. They are charged with the duty of ensuring proper filing of all requisite documents and obtaining all the necessary information from the Directors, both for the Company's own records and for meeting statutory requirements and regulatory obligations. The Company Secretaries also highlight all issues which they feel ought to be brought to the Board's attention.

The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements. The Company Secretaries attend all Board and Board Committee meetings to ensure that deliberations at Board and Board Committee meetings are well captured and minuted.

#### Board Charter

The Board has formalized and adopted a Board Charter as a source of reference and induction literature as well as an insight for existing and prospective Board members to assist the Board in the performance of their fiduciary duties. The Board Charter outlined the composition, roles, responsibilities, and the Board's processes. The Board Charter is available for reference on the Group's website at [www.sib.com.my](http://www.sib.com.my).

The Board will review the Board Charter as and when required and make any amendment as it deems necessary to ensure compliance with the regulations. The Board Charter is available on the Company's website at [www.sib.com.my](http://www.sib.com.my).

### 2. STRENGTHEN COMPOSITION

The Board in discharging its stewardship role has delegated certain functions to the committees it established to assist with the execution of its responsibilities to the Group. The terms of reference and functions of the Committees are reviewed from time to time to ensure they are up-to-date.

#### Audit Committee

The Audit Committee was formed on 13 July 1994 and comprises exclusively Independent Non-Executive Directors.

A full report of the Audit Committee with details of its membership and a summary of the work performed during the financial year are set out in the Audit Committee report of this annual report.

#### Nominating Committee

The Nominating Committee was formed on 22 August 2002 and is tasked to oversee the effectiveness of Director's selection process and appropriate structure for management development.

## STATEMENT OF CORPORATE GOVERNANCE (cont'd)

### 2. STRENGTHEN COMPOSITION (cont'd)

The members of the Nominating Committee during the financial year comprises exclusively of Non-Executive Directors. The members are as follows:

<b>Members</b>	
Fang Pern Kok	Chairman, Non-Independent Non-Executive Director
Datuk Tan Hiang Joo	Independent Non-Executive Director
Allen Chee Wai Hong	Independent Non-Executive Director
Tuan Haji Liakat Ali Bin Mohamed Ali (Resigned on 30 November 2016)	Independent Non-Executive Director

The Nominating Committee is mandated by the Board on the following:

- To identify, assess, considers and recommend suitable candidates for directorship;
- Assessment and recommendation to the Board on retirement and re-election of the Directors;
- Achievement of board gender diversity policies, targets and measurement to achieve it;
- Facilitates board induction and training programmes to newly appointed Directors;
- Carry out annual assessment on the effectiveness of the Board and Board Committees; and
- Carry out annual assessment of the independence of Independent Directors.

The Nominating Committee shall meet at least once a year, as and when deemed necessary. Two (2) meetings were held during the financial year ended 30 June 2017.

The full Terms of Reference of the Nominating Committee is available on the Company's website at [www.sib.com.my](http://www.sib.com.my).

The activities of the Nominating Committee during the financial year are as follows:

- Reviewed the terms of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and its members have carried out their duties in accordance with the terms of reference.
- Reviewed the performance of the Nominating Committee and the Remuneration Committee.
- Reviewed the performance of the Directors retiring at the next Annual General Meeting of the Company.
- Assessed the independence of the Independent Directors.
- Reviewed and assessed the Board balance and composition of the Directors, the Directors' contribution and the effectiveness of the Board as a whole.
- Recommended to the Board, candidates for directorship to be filled in the Board and Board Committees.

During the financial year, a new director, namely Yang Teramat Mulia Raja Kecil Tengah Perak Raja Dato' Seri Iskandar Bin Raja Ziran @ Raja Zaid was appointed to the Board of the Company. The new member of the Board provides the Group with added wealth of legal knowledge and experience to draw on.

#### **Develop, Maintain and Review Criteria for Recruitment Process and Annual Assessment of Directors**

The assessment of the Board, the committees and directors are based on the following:

- the effectiveness of the Board and Board Committees as a whole,
- contribution,
- competencies,
- commitment and
- performance by each Director.

The criteria used for individual directors assessment is based on relevant mix of skills and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

All assessment and evaluations carried out by the Nominating Committee in the discharge of its functions are documented.

## STATEMENT OF CORPORATE GOVERNANCE (cont'd)

### 2. STRENGTHEN COMPOSITION (cont'd)

#### Recruitment or Appointment of Directors

In discharging its responsibilities, the Nominating Committee considered, inter-alia, skills, knowledge, expertise and experience professionalism, sound judgement, diversity of gender, commitment (including time commitment), caliber, integrity and credibility. The Company practices a clear and transparent nomination process which involves the following stages:

- identification of candidates.
- evaluation of suitability of candidates.
- meeting up the candidates.
- final deliberation by the Nominating Committee.

The Committee will then recommend the candidates for approval and appointment by the Board. The Company Secretaries will ensure that all appointments are properly made and that legal and regulatory obligations are met.

#### Re-election of Directors

The Company's Articles of Association provides that at least one-third (1/3) or the number nearest to one-third (1/3) of the Board are subject to retirement at each Annual General Meeting ("AGM"). The retiring director is eligible for re-election. All newly appointed directors will be subject to retirement at the next AGM after his appointment and is eligible for re-election. All other directors shall retire from office at least once in every three (3) years and is eligible for re-election. The re-election of each Director is voted on separately.

#### Board Diversity Policies, Targets and the Measures

The Board is supportive of diversity in the Boardroom namely diversity in gender, ethnicity and age as such diversification would enlarge the pool of skills, talents, perspectives and ideas within the Board.

The Board has taken the first step towards achieving gender diversity by having Miss Fang Siew Hong as a member of the Board. Further in line with the policy of diversity in ethnicity and age, the Board members represent a range of ethnicities as shown in the Board line up and the age of the Directors ranging from 41 to 79.

#### Remuneration Committee

The Remuneration Committee is responsible inter alia recommending to the Board the remuneration framework for directors. The remuneration package will be structured according to the skills, experience and performance of Executive Directors so as to attract and retain the Directors to manage the Group successfully. The remuneration package of Non-Executive Directors are based on their experience and level of responsibilities which is determined collectively by the Board. Individual Directors did not participate in the decision concerning their individual remuneration.

The Remuneration Committee during the financial year comprised the following members who are mainly Non-Executive Directors:

<b>Members</b>	
Fang Pern Kok	Chairman, Non-Independent Non-Executive Director
Dato' Sri Koay Teng Choon	Executive Director
Fang Siew Hong (Appointed on 28 October 2016)	Executive Director
Datuk Tan Hiang Joo (Appointed on 30 November 2016)	Independent Non-Executive Director
Allen Chee Wai Hong	Independent Non-Executive Director
Tuan Haji Abdul Hamid Bin Mohd Hassan (Resigned on 28 October 2016)	Executive Director
Tuan Haji Liakat Ali Bin Mohamed Ali (Resigned on 30 November 2016)	Independent Non-Executive Director

## STATEMENT OF CORPORATE GOVERNANCE (cont'd)

### 2. STRENGTHEN COMPOSITION (cont'd)

#### Remuneration Committee (cont'd)

The Remuneration Committee shall meet at least once a year with additional meetings held as and when it deem necessary. One (1) meeting was held during the financial year ended 30 June 2017.

Fees payable to the Directors are recommended by the Board with the approval from shareholders at the AGM.

#### Directors' Remuneration

The details of Directors' remuneration received and/or receivable for the financial year ended 30 June 2017 are as follows:

Group	Executive Directors	Non-Executive Directors	Total
	RM	RM	RM
Fees	–	138,000	138,000
Salaries & Other Emoluments	591,300	–	591,300
Employees Provident Fund	56,810	–	56,810
Total	648,110	138,000	786,110
<b>Company</b>			
Fees	–	138,000	138,000
Salaries & Other Emoluments	468,000	–	468,000
Employees Provident Fund	56,810	–	56,810
Total	524,810	138,000	662,810

The number of Directors of the Company whose total remuneration falls within the respective bands for the year ended 30 June 2017 is as follows:

Range	Group		Company	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Below RM50,000	–	5	–	5
RM50,001-RM100,000	2	–	1	–
RM450,001-RM500,000	1	–	1	–

The Company opts not to disclose the remuneration of individual Directors as the Company view that the band disclosure method as set out in the MMLR and adopted by the Board has adequately addressed the transparency and accountability aspects of Corporate Governance in respect of the Directors' remuneration.

### 3. REINFORCE INDEPENDENCE

#### Annual Assessment of Independence

The independence concept adopted by the Board is in tandem with the definition of an independent Director as found in paragraph 1.01 of the MMLR and Practice Note 13 of the MMLR. The key element in fulfilling the criteria are the appointment of independent Directors who are not members of the management (non-executive) and are free from any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the company. The Board complies with paragraph 15.02 of the MMLR which requires at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is higher as independent Directors.

## STATEMENT OF CORPORATE GOVERNANCE (cont'd)

### 3. REINFORCE INDEPENDENCE (cont'd)

The assessment of the independence of the independent Directors is carried out upon appointment, annually, as and when new interest or relationship develops. The Nominating Committee undertakes the assessment of the independence of the independent Directors.

#### Tenure of Independent Directors

As at the date of this Statement, none of the Independent Directors has served more than nine (9) years on the Board.

The Board noted the recommendation of the MCCG that the tenure of an Independent Director should not exceed a cumulative term of 9 years. The independent Director may continue to serve on the Board subject to the director's re-designation to non-independent director. Otherwise justification shall be provided by the Board for retaining the director as an independent director and shareholders' approval is sought at the AGM.

#### Separation of Positions of the Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer should be held by different individuals, and the Chairman must be a Non-Executive Member of the Board. The Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director.

The Nominating Committee has assessed, reviewed and determined that the Chairmanship of Tuan Haji Abdul Hamid Bin Mohd Hassan shall remain based on the following justifications/aspects contributed by Tuan Haji Abdul Hamid Bin Mohd Hassan as a Chairman of the Board:

- he has vast experience in the corporate field and extensive experience in the taxation field that enables him to provide the Board with the experience and real life scenario to better manage and run the Group;
- he has exercised due care in the interest of the Company and Shareholders during his tenure as an Executive Chairman of the Company; and
- he has provided objectivity in decision making and ensured effective check and balance in the proceedings of the Board.

Although the Board does not comprise a majority of Independent Directors, the current composition of Independent Directors do not participate in the day-to-day management of the Group. Therefore, they are able to provide impartial view and advice and can bring an independent judgement to bear and monitor the performance of management thus is sufficient to provide the necessary checks and balances in the Board.

#### Board Composition and Balance

The Board as at the date of this statement comprises seven (7) members which consist of three (3) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. The Board has complied with paragraph 15.02 of the MMLR by having a balanced composition of Executive and Non-Executive directors to ensure that no individual or small group of individual could dominate the Board's decision making.

The Board comprises members from diverse backgrounds ranging from accounting, finance, banking, legal, property sector and public service that add value to the Board as a whole. The combination of different experience and skills provide an insight into diversity and perspective as guidance for the Group in an increasing competitive business environment.

The Board believes that balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objectively.

A brief profile of the Directors is presented in the Profile of Directors on page 15 to 17 of this Annual report.

## STATEMENT OF CORPORATE GOVERNANCE (cont'd)

### 4. FOSTER COMMITMENT

#### Board Meeting

The Board meets at least four (4) times a year on a scheduled basis with additional meetings convened as and when it is necessary. The meetings are scheduled in advance before the end of the financial year to enable the Directors to plan accordingly so that the Board meetings could meet their schedules.

There were six (6) meetings held during the financial year ended 30 June 2017. All Directors have fulfilled the Main Market Listing Requirements ("MMLR") in relation to their attendance at Board Meetings. Details of attendance of Directors at the Board Meetings are as follows:

Name of Directors	Number of Meetings held in financial year during Director's tenure in office	Number of Meetings Attended
Tuan Haji Abdul Hamid Bin Mohd Hassan	6	5
Dato' Sri Koay Teng Choon	6	5
Fang Siew Hong	6	6
Fang Pern Kok	6	6
Yang Teramat Mulia Raja Kecil Tengah Perak Raja Dato' Seri Iskandar Bin Raja Ziran @ Raja Zaid (Appointed on 27 February 2017)	1	1
Datuk Tan Hiang Joo	6	5
Allen Chee Wai Hong	6	6
Tuan Haji Liakat Ali Bin Mohamed Ali (Resigned on 30 November 2017)	4	2

The agenda for all board meetings, board papers and relevant documents are distributed to the Directors in advance. All proceedings from the Board meetings are duly recorded and the minutes thereof are signed by the Chairman of the meeting.

The Directors are aware of the limitation on directorship they can have in public listed companies. Whilst the directors notify the Company Secretary as and when they are appointed to other boards, the Directors also provide updates of their directorships and shareholdings to the Board for notation.

#### Directors' Training

The Board will assess the training needs of the Directors and ensure the Directors have access to the continuing education programmes. The directors will undergo relevant training programmes, seminars or conferences from time to time and as when it is necessary to update themselves with the relevant knowledge and skills to discharge their duties effectively.

During the financial year ended 30 June 2017, the directors attended the following training programmes, seminars or conferences to keep abreast of the relevant changes in law, regulations, business environment, risk management, general economic and industry developments:

- a) Impact of Share Buyback
- b) Shareholders have Rights Too
- c) Malaysian Budget Conference
- d) Insights to Withholding Tax
- e) The Companies Act 2016 : Dedicated Seminar on Constitution of Companies
- f) CSP Practical Issues under The Companies Act 2016
- g) E-Payment, Financial Crime & Malaysia Banknotes

All the directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP") as specified by Bursa Securities.

## STATEMENT OF CORPORATE GOVERNANCE (cont'd)

### 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### Financial Reporting

In presenting the annual financial statements and quarterly announcement to the shareholders, the Board aims to provide and present a balanced and understandable assessment of the Group's financial position and prospects. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and the quality of its financial reporting as set out in the Audit Committee Report.

The Board is responsible for ensuring the financial statements of the Group and of the Company are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance and cash flows for the financial year then ended. Where there are new accounting standards or policies taking effect during the year, the impact of this new treatment will be stated in the notes to the financial statements accordingly.

In preparing the financial statements for the financial year ended 30 June 2017, the Directors have:

- Adopted appropriate accounting policies and applied them consistently
- Made judgements and estimates that are prudent and reasonable
- Ensured applicable accounting standards have been followed
- Prepared the financial statements on the going concern basis

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 2016 and applicable financial reporting standards in Malaysia. The Directors are also responsible for safeguarding the assets of the Company.

#### Assessment of Suitability and Independence of External Auditors

The Board, through the Audit Committee, has maintained a formal and transparent relationship with the external auditors in seeking professional advice towards the compliance with accounting standards. The Audit Committee meets up with the external auditors to discuss the audit planning memorandum and their audit findings.

The Audit Committee has obtained annual written assurance of independence from external auditors after audit. The external auditors have implemented a number of firm wide ethics and independence systems to maintain objectivity, to be free from conflict of interests when discharging their professional responsibilities and monitor compliance with their firm's policies in relation to independence and ethics. Moreover, the external auditors have their firm's audit engagement partner rotation policy of five (5) years.

The Audit Committee has reviewed and assessed with management, the performance, suitability and independence of the external auditors and the level of independence of the level of non-audit services rendered by them.

Being satisfied with the external auditor's performance, technical competency and audit independence, the Audit Committee recommended to the Board for their re-appointment. The Board has approved the Audit Committee's recommendation for shareholders' approval to be sought at the forthcoming Annual General Meeting on the re-appointment of the external auditors for the ensuing year.

### 6. RECOGNISE AND MANAGE RISKS

#### Sound Framework to Manage Risk

The Board recognizes its overall responsibility for the Group's internal control systems, reviewing the adequacy of those systems. In view of the limitations that are inherent in any systems of internal control, the said systems have been designed to manage risk within a tolerable level rather than eliminate the risk of failure to achieve business objectives. Hence, such systems by its nature can only provide reasonable and not absolute assurance against material misstatement, error or losses.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the internal control guide.

## STATEMENT OF CORPORATE GOVERNANCE (cont'd)

### 6. RECOGNISE AND MANAGE RISKS (cont'd)

#### Sound Framework to Manage Risk (cont'd)

The Statement on Risk Management and Internal Control which provides an overview of the internal controls within the Group is defined in this Annual Report.

#### Internal Audit Functions

The Board acknowledges the importance of internal audit functions and has outsourced its internal audit function to an independent professional service firm, BDO Governance Advisory Sdn Bhd, as part of the efforts to provide adequate and effective internal control systems. The performance of the internal audit function is carried out as per the annual audit plan approved by the Audit Committee.

The internal audit adopts a risk-based approach in developing its audit plan which covers the core auditable areas of the Group based on their risk profile. The audit focuses on high risk area to ensure that an adequate action plan is in place to address the risks and concerns identified. On a half yearly basis or earlier as appropriate, the internal auditor report to the Audit Committee on areas for improvement.

### 7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

#### Corporate Disclosure policy

The Group has on recommendation of the Code, adopted the Corporate Disclosure Policy to ensure accurate, comprehensive and timely dissemination of information to shareholders and investors, as it is critical towards building and maintaining corporate credibility and investor confidence.

While the Group endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of legal and regulatory framework governing the release of the material and price-sensitive information. Such material and price-sensitive information are not released unless it has been duly announced or made public through proper channels.

#### Leverage on Information Technology for Effective Dissemination of Information

The Group's website, [www.sib.com.my](http://www.sib.com.my) provides an avenue for the latest information dissemination to the shareholders and public, with dedicated sections on corporate information and investor's relation including financial information, announcement, financial highlight and corporate governance.

### 8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

#### Shareholders Participation at General Meetings

The Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") remain as the principal forum for dialogue and communication with shareholders. The shareholders are encouraged to attend each AGM and EGM. The notice of meetings is sent to the shareholders at least twenty one (21) days before the meeting as stipulated in the Companies Act and MMLR.

In line with the MMLR, poll voting will be conducted for all resolutions set out in the notice of AGM and a scrutineer will be appointed to validate the votes cast.

The Board views the AGM and any EGM as ideal opportunities to communicate with shareholders. During the AGM, shareholders are given the opportunity to enquire and comment on matters relating to the Group's business in addition to the Company's Audited Financial Statements. The Board members, senior management and the Group's external auditors and relevant advisers are available to respond to shareholders queries.

#### Effective Communication and Proactive Engagement with Shareholders

The Group recognizes the importance of effectiveness and clear communication between the shareholders, potential investor and the public. The Group practices the highest standard of transparency and accountability in its communication and disclosure of information pertinent to the Group. This includes timely announcements and disclosure made to Bursa Securities during the year. The announcement and disclosure include release of quarterly financial results and circulars to shareholders. The regularly updated information pertinent to the Group can be obtained from its website at [www.sib.com.my](http://www.sib.com.my).

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code of Corporate Governance 2012 requires listed companies to maintain a sound system of internal controls and risk management to safeguard shareholders' investment and the Group's assets.

Guided by the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies, the Board of Directors of Seal Incorporated Berhad is pleased to present the Statement on Risk Management and Internal Control ("the Statement") which is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. In view of the limitations that are inherent in any systems of internal control, the systems of internal control are designed to manage risk within tolerable levels rather than eliminate the risk of failure to achieve business objectives. Hence, such system by its nature can only provide reasonable and not absolute assurance against material misstatement, error or losses.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of this Statement for inclusion in the Annual Report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidance.

## RISK MANAGEMENT

The Board and the management practice proactive significant risks identification in the processes and activities of the Group, particularly in major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and assess the appropriate risk response strategies and controls.

## INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has outsourced its internal audit function to an independent professional services firm, BDO Governance Advisory Sdn Bhd as part of its efforts to provide adequate and effective internal control systems. The performance of internal audit function is carried out as per the annual audit plan approved by the Audit Committee.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. The audit focuses on high risk area to ensure that an adequate action plan is in place to address the risks and concerns identified.

On a half-year basis, the internal auditors report to the Audit Committee on internal audit findings and recommend remedial action plans for possible improvement for the audited areas. The highlighted internal audit findings are followed-up by the internal auditors as well to ensure the control weaknesses, if any, are properly identified and addressed by the management.

A total of 2 internal audit reviews were conducted by BDO Governance Advisory Sdn. Bhd. for the financial year of 30 June 2017. The details of the said review can be delineated as follows:-

Internal Audit Visits	Audit Period	Audited Areas
First Visit in February 2017	September 2016 – January 2017	<ul style="list-style-type: none"> <li>• Leasing Management</li> <li>• Car Park Management</li> </ul>
Second Visit in June 2017	November 2016 – April 2017	<ul style="list-style-type: none"> <li>• Project Management</li> <li>• Human Resource Management</li> </ul>

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

## INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:

- An organization structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides a documented and auditable trail of accountability;
- A set of documented internal policies and procedures which is subject to regular review and improvement;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary; and
- Regular visits to operating units by members of the Board and senior management.

## REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the 2017 Annual Report. This Statement is reviewed in accordance with Recommended Practice Guide 5 (Revised) issued by the Malaysian Institute of Accountants. The external auditors have 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 integrity of the system of risk management and internal control.

## CONCLUSION

The Board has received assurance from Executive Directors that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Taking this assurance into consideration, the Board is of the view that there are no significant weaknesses in the current system of internal control of the Group that may have material impact on the operations of the Group for the financial year ended 30 June 2017. The Board and the management will continue to take necessary measures and ongoing commitment to strengthen and improve its internal control environment and risk management.

This Statement is issued in accordance with a resolution of the Directors dated 20 October 2017.

# AUDIT COMMITTEE REPORT

## COMPOSITIONS AND MEETINGS

The Audit Committee comprises three members, all of whom are Independent Non-Executive Directors.

During the financial year ended 30 June 2017, a total of five (5) audit committee meetings were held and the details of the attendance of each member of the committee are tabulated below:

Name of Members	Designation	Number of Meetings Attended
Allen Chee Wai Hong	Chairman, Independent Non-Executive Director	5 out of 5
Yang Teramat Mulia Raja Kecil Tengah Perak Raja Dato' Seri Iskandar Bin Raja Ziran @ Raja Zaid (Appointed on 27 February 2017)	Independent Non-Executive Director	1 out of 1
Datuk Tan Hiang Joo	Independent Non-Executive Director	5 out of 5
Tuan Haji Liakat Ali Bin Mohamed Ali (Resigned on 30 November 2016)	Independent Non-Executive Director	2 out of 3

## SUMMARY OF WORKS OF THE AUDIT COMMITTEE

In line with the terms of reference, the Audit Committee had discharged its duties and responsibilities by carrying out the following works during the financial year under review:

### External Audit

- reviewed and discussed with external auditors significant accounting and auditing issues and the resultant audited financial statements arising from the audit. The Audit Committee also had three private discussions with the external auditors without the presence of management and executive board members on 22 August 2016, 4 October 2016 and 19 May 2017, to deliberate on key areas and action necessary for the improvement of the Group arising from the audit review;
- reviewed the audit planning memorandum with the external auditors at the meeting held on 19 May 2017 on the scope of work and audit plan of the Group for the financial year ended 30 June 2017, proposed audit reporting schedule and new development on financial reporting standards applicable to the Group;
- reviewed the extent of assistance rendered by management in the course of audit; and
- reviewed the performance and effectiveness of external auditor including assessment of their suitability and independence in performing their obligations and made recommendation to the Board for approval of their reappointment.

### Internal Audit

- reviewed and approved internal audit plan for the financial year 2017 including its scope, basis of assessments and risks ratings of the proposed areas of audit to assess the adequacy and effectiveness of internal control; and
- reviewed the internal audit reports and audit recommendations made by the internal auditors and management's responses thereto. The internal auditors monitored the implementation of management action plan through follow-up audit to ensure all key risks and weaknesses were being addressed.

### Financial Reporting

- reviewed the annual and quarterly financial statements and make recommendation to the Board for approval of the same, focusing on compliance with Listing Requirements of Bursa Malaysia Securities Berhad, financial reporting standards and other legal requirement.

## AUDIT COMMITTEE REPORT (cont'd)

### Annual Report

- reviewed and recommended the Statement on Risk Management and Internal Control and Audit Committee Report for inclusion in Annual Report.

### Others

- reviewed and revised the terms of reference of the Audit Committee to align with the Bursa Malaysia Securities Berhad listing requirements; and
- reviewed and discussed on the materiality level of the Group.

### INTERNAL AUDIT FUNCTION

The Company outsourced the internal audit function to a professional services firm, which has adequate resources and appropriate standing to undertake the audit work independently and objectively to assist the Board in obtaining the assurance concerning adequacy and effectiveness of the system of internal control, risk management and governance framework of the Group. The internal auditor undertakes internal audit function based on the audit plan approved by the Audit Committee. The internal auditor reports directly to the Audit Committee and the costs incurred for the internal audit function for the financial year were RM24,000.

During the financial year, to ensure the compliance with established policies, procedures and statutory requirements, the internal auditors have reviewed and assessed the adequacy, integrity and effectiveness of the system of internal control of the Group, reported the findings of assessment and recommended improvements where necessary and performed follow-up audit on implementation of audit recommendations agreed by the management.

## ADDITIONAL COMPLIANCE INFORMATION

### Relationship/Conflict of Interest

Save for Fang Siew Hong and Fang Pern Kok, none of the other Directors or senior management has any family relationship with any Director and/or major shareholders of Seal Incorporated Berhad.

Save for the above, none of the other Directors or senior management has any conflict of interest with the Group.

### Offence

None of the Directors or senior management has been convicted of any offence, other than traffic offence, if any, within the past 5 years and of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### Audit and Non-Audit Fees

The amount of audit and non-audit fees paid or payable to the external auditors for the financial year are as follow:

	<b>Group RM</b>	<b>Company RM</b>
Audit Fees	103,500	35,000
Non-Audit Fees	3,000	3,000

### Status of Utilisation of Proceeds

The proceeds of RM8,620,000 raised from the Private Placement of 21,550,000 shares at the issue price of RM0.40 per share during the financial year after defraying all expenses relating to the Private Placement, were utilised as working capital for development and construction projects.

### Material Contracts

There was no material contract entered into by the Company and its subsidiaries involving the interest of the Directors and major shareholders which were still subsisting at the end of the financial year or entered into since the end of the previous financial year.

## DIRECTORS' REPORT

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **30 June 2017**.

#### PRINCIPAL ACTIVITIES

The principal activities of the Company consist of property management, property investment, building contractor, project manager for property development and extraction and sale of timber. However, the Company has transferred its property management activity to a wholly-owned subsidiary with effect from 1 December 2016.

The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

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

#### RESULTS

	<b>GROUP RM</b>	<b>COMPANY RM</b>
Profit after tax for the financial year	<u>823,763</u>	<u>7,475,636</u>
Attributable to:		
Owners of the Company	(9,037,469)	7,475,636
Non-controlling interests	<u>9,861,232</u>	<u>–</u>
	<u>823,763</u>	<u>7,475,636</u>

#### DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial year.

The directors do not recommend any dividend payment for the financial year.

#### RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the notes to the financial statements.

#### SHARE CAPITAL AND DEBENTURE

There were no changes in the issued and paid-up capital of the Company during the financial year except for:

- (i) The issuance of 21,550,000 new ordinary shares of RM0.40 each via a Private Placement. The proceeds of RM8,620,000 received from the Private Placement were utilised for the Group's working capital for development and construction projects. The new ordinary shares rank pari-passu in respect with the existing ordinary shares of the Company; and
- (ii) Reclassification of share premium pursuant to Section 618(2) of the Companies Act 2016 amounting to RM45,448,463 to become part of the Company's share capital.

Other than the foregoing, the Company did not issue any other share or debenture.

## DIRECTORS' REPORT

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

#### TREASURY SHARES

During the financial year, the Company repurchased 4,000 of its issued ordinary shares from the open market at an average price of RM0.41 per share for a total consideration of RM1,665. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

As at 30 June 2017, the Company held a total of 5,896,500 treasury shares out of its 242,952,684 issued ordinary shares. The treasury shares are held at a carrying amount of RM2,165,586 and further relevant details are disclosed in Note 18 to the financial statements.

#### EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company had on 9 June 2010 and 15 July 2010 obtained approvals from Bursa Malaysia Securities Berhad and its shareholders respectively to establish an ESOS with duration of ten years from the effective date.

As at 30 June 2017, no options were granted.

The salient features of the ESOS are disclosed in Note 38 to the financial statements.

#### DIRECTORS

The directors who served since the date of the last report are as follows:

##### *Directors of the Company:*

**Tuan Haji Abdul Hamid Bin Mohd Hassan**  
**Dato' Sri Koay Teng Choon**  
**Fang Siew Hong**  
**Fang Pern Kok**  
**Yang Teramat Mulia Raja Kecil Tengah Perak**  
**Raja Dato' Seri Iskandar Bin Raja Ziran @ Raja Zaid**  
**(appointed on 27.2.2017)**  
**Datuk Tan Hiang Joo**  
**Chee Wai Hong**  
**Tuan Haji Liakat Ali Bin Mohamed Ali (resigned on 30.11.2016)**

##### *Director of a subsidiary:*

**Nik Mohd Kamal Bin Nik Mahmud**

#### DIRECTORS' INTERESTS IN SHARES

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 and its related corporations during the financial year are as follows:

	Number of ordinary shares			Balance at 30.6.2017
	Balance at 1.7.2016	Bought	Sold	
<b>The Company</b>				
<b>Direct Interest:</b>				
Dato' Sri Koay Teng Choon	21,894,200	8,005,000	–	29,899,200
Datuk Tan Hiang Joo	29,000	–	–	29,000
<b>Deemed Interest:</b>				
<sup>1</sup> Dato' Sri Koay Teng Choon	4,867,100	–	–	4,867,100
<sup>2</sup> Fang Siew Hong	20,000,000	–	–	20,000,000
<sup>1</sup> Fang Pern Kok	26,415,300	1,270,000	–	27,685,300

Note:

<sup>1</sup> Deemed interested by virtue of shares held by immediate family members of the directors.

<sup>2</sup> Deemed interested by virtue of shares held by a company in which the director has interest.

## DIRECTORS' REPORT

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

Other than as disclosed above, none of the other directors have any interest in shares in the Company and its related corporations during the financial year.

#### DIRECTORS' FEES AND BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 29 to the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

#### INDEMNITY TO DIRECTORS, OFFICERS AND AUDITORS

Expenses incurred on indemnity given or insurance effected for any director or officer of the Company during the financial year amounted to RM22,030. No indemnity was given to or insurance effected for auditors of the Company.

#### OTHER STATUTORY INFORMATION

Before the financial statements 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 all known bad debts had been written off 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.

At the date of this report, the directors are not aware of any circumstances:

- (i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, and
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and
- (iv) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other persons, and
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

In the opinion of the directors:

- (i) no contingent liability 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 and of the Company to meet its obligations as and when they fall due,

## DIRECTORS' REPORT

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

- (ii) the results of 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, other than the impairment loss on timber concession and fair value gain on investment properties are recognised in the Group's and the Company's profit or loss during the financial year under review, and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

#### SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The details of significant event during the financial year are disclosed in Note 39 to the financial statements.

#### SUBSEQUENT EVENT

The details of subsequent event are disclosed in Note 40 to the financial statements.

#### AUDITORS

The total amount of fees paid to or receivable by the auditors, **Grant Thornton**, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 30 June 2017 are RM103,500, and RM35,000 respectively.

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors:

.....  
**Tuan Haji Abdul Hamid Bin Mohd Hassan**

**Penang,**

**Date: 20 October 2017**

.....  
**Fang Siew Hong**

## DIRECTORS' STATEMENT

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

In the opinion of the directors, the financial statements set out on pages 42 to 97 are properly drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the directors, the supplementary information set out on page 98 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors:

.....  
**Tuan Haji Abdul Hamid Bin Mohd Hassan**

.....  
**Fang Siew Hong**

Date: 20 October 2017

## STATUTORY DECLARATION

I, **Fang Siew Hong**, the director primarily responsible for the financial management of **Seal Incorporated Berhad** do solemnly and sincerely declare that the financial statements set out on pages 42 to 97 and the supplementary information set out on page 98 are to the best of my knowledge and belief, 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 in Penang, this 20th            )  
 day of October 2017                                    )

.....  
**Fang Siew Hong**

**Before me,**

.....  
**Goh Suan Bee (P125)**  
**Commissioner for Oaths**

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SEAL INCORPORATED BERHAD

### Report on the Financial Statements

#### Opinion

We have audited the financial statements of **Seal Incorporated Berhad**, which comprise the statements of financial position as at **30 June 2017** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including significant accounting policies, as set out on pages 42 to 97.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at **30 June 2017**, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of investment properties</b> (Note 5 to the financial statements)</p> <p>The fair values of the Group's and the Company's investment properties are derived based on directors' valuation by reference to the following:</p> <p>(i) Valuation report by an independent professional valuer using the direct comparison method. Independent professional valuation was obtained in respect of its investment properties in order to support management's estimates; and</p> <p>(ii) Management's assessment with reference to selling prices of recent transactions and asking prices of similar properties premised on the factors of location, accessibility, visibility, time, size, present market trends and other differences.</p> <p>The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied.</p>	<p>Our audit procedures in relation to the valuation of investment properties included the following:</p> <ul style="list-style-type: none"> <li>• Evaluation of the independent external valuer's competence, capabilities and objectivity.</li> <li>• Assessing the methodologies used and the appropriateness of the key assumptions used by the external valuer based on our knowledge of the property industry.</li> <li>• Assessing the adequacy and appropriateness of the disclosures relating to the valuation methodology and estimation made in the financial statements.</li> <li>• Where fair values of investment properties are determined based on latest market price, we compared the fair values to recently transacted prices and prices of comparable properties located in the same vicinity.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SEAL INCORPORATED BERHAD (CONT'D)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Assessment of impairment of trade receivables</b> <i>(Note 11 to the financial statements)</i></p> <p>The Group has significant trade receivables as at 30 June 2017 and it is subject to credit risk exposure. We focus on this area as the assessment of recoverability of receivables involved management judgements and estimation uncertainty in determining the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.</p>	<p>Our audit procedures in relation to management's impairment assessment included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of: <ul style="list-style-type: none"> <li>- the Group's control over the customers collection process;</li> <li>- how the Group identifies and assesses the impairment of trade receivables; and</li> <li>- how the Group makes the accounting estimates for impairment.</li> </ul> </li> <li>• Reviewing the aging analysis of trade receivables and testing the reliability thereof.</li> <li>• Reviewing subsequent collections for major trade receivables and overdue amounts.</li> <li>• Making inquiries of management regarding the action plans to recover overdue balances.</li> <li>• Examining other evidence including customer correspondences.</li> </ul>
<p><b>Assessment of impairment of timber concessions</b> <i>(Note 8 to the financial statements)</i></p> <p>The Group and the Company perform an annual impairment review to identify impairment indication. Impairment loss indication arises when the recoverable amount estimated is lower than the carrying amount of the timber concessions. When assessing the recoverable amount of the timber concession, management would make significant estimation about future results and their profitability together with the assumptions underlying these.</p>	<p>Our audit procedures in relation to the management's impairment assessment included:</p> <ul style="list-style-type: none"> <li>• Evaluating the assumptions and methodologies used by the Group and by the Company for the profit forecast and projected cash flows.</li> <li>• Enquiring management to obtain an understanding of the likelihood of the Group and the Company generating revenue from their timber activity.</li> <li>• Evaluating the reasonableness of the estimated profits to be derived from its timber activity by comparing the estimated profits with the actual profits derived from previous years.</li> <li>• Assessing the appropriateness of the discount rate used to determine the present value of the cash flows.</li> </ul>
<p><b>Revenue recognition for construction contracts</b> <i>(Note 26 to the financial statements)</i></p> <p>During the financial year, the Group recognises revenue from its construction activity based on the percentage-of-completion ("POC") method, totalling RM45.71 million.</p> <p>The POC on its construction project was measured by reference to the stage of completion of the contract activity at the end of the reporting period.</p> <p>Significant management judgement is required in estimating the physical proportion of the contract work completed on the contracts and the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms and claims.</p>	<p>Our audit procedures in relation to the recognition of construction revenue include:</p> <ul style="list-style-type: none"> <li>• Evaluating the effectiveness of management's controls over the estimation of total costs and assessing the reasonableness of key inputs in the cost estimation.</li> <li>• Inspecting documentation to support cost estimates made.</li> <li>• Testing the appropriateness of estimated costs by comparing these against actual costs incurred.</li> <li>• Recomputing the revenue and costs recognised for the current financial year based on the POC and traced these to the accounting records.</li> <li>• Considering the adequacy of the Group's disclosures in respect of revenue from construction contracts.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SEAL INCORPORATED BERHAD (CONT'D)

### Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEAL INCORPORATED BERHAD (CONT'D)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Reporting Responsibilities

The supplementary information set out on page 98 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 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Grant Thornton**  
**No. AF: 0042**  
**Chartered Accountants**

**Hooi Kok Mun**  
**No. 2207/01/18 (J)**  
**Chartered Accountant**

**Date: 20 October 2017**

**Penang**

# STATEMENTS OF FINANCIAL POSITION

## AS AT 30 JUNE 2017

	NOTE	GROUP		COMPANY	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	2,094,335	2,386,183	160,215	276,616
Investment properties	5	67,610,009	51,948,566	1,630,000	1,494,327
Land held for development	6	72,574,893	17,514,285	17,542,605	17,514,285
Investment in subsidiaries	7	–	–	44,274,390	43,274,390
Timber concession	8	11,896,731	16,761,141	2,194,244	7,058,654
		<b>154,175,968</b>	<b>88,610,175</b>	<b>65,801,454</b>	<b>69,618,272</b>
<b>Current assets</b>					
Property development costs	9	36,868,132	108,139,834	–	–
Inventories	10	15,008,807	30,791,932	–	–
Trade receivables	11	57,071,279	29,076,210	96,557	664,849
Other receivables	12	77,497,019	57,617,701	183,599	240,061
Amount due from subsidiaries	13	–	–	153,087,725	90,754,306
Current tax assets		1,379,207	2,521,399	28,000	–
Other investments	14	811,370	21,550,484	–	11,013,280
Deposits with licensed banks	15	7,330,460	46,078,709	396,414	5,966,783
Cash and bank balances	16	7,870,919	4,154,795	583,220	703,483
		<b>203,837,193</b>	<b>299,931,064</b>	<b>154,375,515</b>	<b>109,342,762</b>
<b>TOTAL ASSETS</b>		<b>358,013,161</b>	<b>388,541,239</b>	<b>220,176,969</b>	<b>178,961,034</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	17	142,629,537	88,561,074	142,629,537	88,561,074
Share premium	17	–	45,448,463	–	45,448,463
Treasury shares	18	(2,165,586)	(2,163,921)	(2,165,586)	(2,163,921)
Reserves	19	352,940	(955,163)	352,940	352,940
Retained profits	20	111,402,564	110,307,925	42,975,077	35,499,441
		<b>252,219,455</b>	<b>241,198,378</b>	<b>183,791,968</b>	<b>167,697,997</b>
<b>Non-controlling interests</b>		<b>6,776,419</b>	<b>65,257,420</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>		<b>258,995,874</b>	<b>306,455,798</b>	<b>183,791,968</b>	<b>167,697,997</b>
<b>Non-current liabilities</b>					
Borrowings	21	24,312,133	23,451,822	–	–
Deferred tax liabilities	22	390,142	–	6,784	–
		<b>24,702,275</b>	<b>23,451,822</b>	<b>6,784</b>	<b>–</b>
<b>Current liabilities</b>					
Gross amount due to customers on contracts	23	3,295,467	2,695,750	–	–
Trade payables	24	16,134,571	13,449,580	12,567	226,094
Other payables	25	24,104,723	23,539,989	434,949	5,298,551
Amount due to subsidiaries	13	–	–	35,930,701	5,300,292
Borrowings	21	29,262,483	18,339,450	–	–
Current tax liabilities		1,517,768	608,850	–	438,100
		<b>74,315,012</b>	<b>58,633,619</b>	<b>36,378,217</b>	<b>11,263,037</b>
<b>Total liabilities</b>		<b>99,017,287</b>	<b>82,085,441</b>	<b>36,385,001</b>	<b>11,263,037</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>358,013,161</b>	<b>388,541,239</b>	<b>220,176,969</b>	<b>178,961,034</b>

The notes set out on pages 49 to 97 form an integral part of these financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	NOTE	GROUP		COMPANY	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	26	<b>83,182,763</b>	71,680,901	<b>18,320,908</b>	22,902,728
Direct operating costs	27	<b>(67,758,572)</b>	(58,326,908)	<b>(5,832,806)</b>	(15,420,822)
<b>Gross profit</b>		<b>15,424,191</b>	13,353,993	<b>12,488,102</b>	7,481,906
Other income	28	<b>9,690,183</b>	4,170,384	<b>3,521,048</b>	3,177,220
Administrative expenses		<b>(15,185,118)</b>	(11,136,565)	<b>(7,498,049)</b>	(3,454,961)
<b>Operating profit</b>		<b>9,929,256</b>	6,387,812	<b>8,511,101</b>	7,204,165
Finance costs		<b>(1,183,866)</b>	(1,170,285)	<b>(276,383)</b>	(164,381)
<b>Profit before tax</b>	29	<b>8,745,390</b>	5,217,527	<b>8,234,718</b>	7,039,784
Tax expense	30	<b>(7,921,627)</b>	(2,380,555)	<b>(759,082)</b>	(1,757,649)
<b>Profit for the financial year</b>		<b>823,763</b>	2,836,972	<b>7,475,636</b>	5,282,135
<b>Other comprehensive loss, net of tax</b>					
<b>Items that will be reclassified subsequently to profit or loss:</b>					
Net loss on available-for-sale financial assets					
- Loss on fair value changes		-	(682)	-	-
- Transfer to profit or loss upon disposal		-	(2,265)	-	-
<b>Other comprehensive loss for the financial year</b>		-	(2,947)	-	-
<b>Total comprehensive income for the financial year</b>		<b>823,763</b>	2,834,025	<b>7,475,636</b>	5,282,135
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		<b>(9,037,469)</b>	3,595,872	<b>7,475,636</b>	5,282,135
Non-controlling interests		<b>9,861,232</b>	(758,900)	-	-
		<b>823,763</b>	2,836,972	<b>7,475,636</b>	5,282,135
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the Company		<b>(9,037,469)</b>	3,592,925	<b>7,475,636</b>	5,282,135
Non-controlling interests		<b>9,861,232</b>	(758,900)	-	-
		<b>823,763</b>	2,834,025	<b>7,475,636</b>	5,282,135
<b>(Losses)/Earnings per share attributable to owners of the Company (sen)</b>					
- Basic	31	<b>(3.98)</b>	1.67		
- Diluted	31	-	-		

The notes set out on pages 49 to 97 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE	Attributable to owners of the Company						Total Equity RM	
	Share Capital RM	Share Premium RM	Treasury Shares RM	Reserves RM	Retained Profits RM	Total RM		Non- controlling Interests RM
<b>2017</b>								
Balance at beginning	88,561,074	45,448,463	(2,163,921)	(955,163)	110,307,925	241,198,378	65,257,420	306,455,798
Total comprehensive income for the financial year	-	-	-	-	(9,037,469)	(9,037,469)	9,861,232	823,763
<i>Transactions with owners:</i>								
Issuance of shares pursuant to private placement	8,620,000	-	-	-	-	8,620,000	-	8,620,000
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(56,322,004)	(56,322,004)
Acquisition of equity interests of subsidiaries from non-controlling interests	-	-	-	1,308,103	10,132,108	11,440,211	(12,020,229)	(580,018)
Purchase of treasury shares	-	-	(1,665)	-	-	(1,665)	-	(1,665)
Total transactions with owners of the Company	8,620,000	-	(1,665)	1,308,103	10,132,108	20,058,546	(68,342,233)	(48,283,687)
Transition to no-par value regime on 31 January 2017	45,448,463	(45,448,463)	-	-	-	-	-	-
Balance at end	142,629,537	-	(2,165,586)	352,940	111,402,564	252,219,455	6,776,419	258,995,874
<b>2016</b>								
Balance at beginning	88,561,074	45,448,463	(2,129,723)	(952,216)	106,712,053	237,639,651	66,016,320	303,655,971
Total comprehensive income for the financial year	-	-	-	(2,947)	3,595,872	3,592,925	(758,900)	2,834,025
<i>Transactions with owners:</i>								
Purchase of treasury shares	-	-	(34,198)	-	-	(34,198)	-	(34,198)
Balance at end	88,561,074	45,448,463	(2,163,921)	(955,163)	110,307,925	241,198,378	65,257,420	306,455,798

The notes set out on pages 49 to 97 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE	Non-distributable			Distributable			Total Equity RM
	Share Capital RM	Share Premium RM	Treasury Shares RM	Reserves RM	Retained Profits RM		
<b>2017</b>							
Balance at beginning	88,561,074	45,448,463	(2,163,921)	352,940	35,499,441	167,697,997	
Net profit, representing total comprehensive income for the financial year	-	-	-	-	7,475,636	7,475,636	
<i>Transactions with owners:</i>							
Issuance of shares pursuant to private placement	8,620,000	-	-	-	-	8,620,000	
Purchase of treasury shares	-	-	(1,665)	-	-	(1,665)	
Total transactions with owners of the Company	8,620,000	-	(1,665)	-	-	8,618,335	
Transition to no-par value regime on 31 January 2017	45,448,463	(45,448,463)	-	-	-	-	
Balance at end	142,629,537	-	(2,165,586)	352,940	42,975,077	183,791,968	
<b>2016</b>							
Balance at beginning	88,561,074	45,448,463	(2,129,723)	352,940	30,217,306	162,450,060	
Net profit, representing total comprehensive income for the financial year	-	-	-	-	5,282,135	5,282,135	
<i>Transactions with owners:</i>							
Purchase of treasury shares	-	-	(34,198)	-	-	(34,198)	
Balance at end	88,561,074	45,448,463	(2,163,921)	352,940	35,499,441	167,697,997	

The notes set out on pages 49 to 97 form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	<b>8,745,390</b>	5,217,527	<b>8,234,718</b>	7,039,784
Adjustments for:				
Deemed loss on deconsolidation of a subsidiary	<b>2</b>	–	–	–
Depreciation	<b>450,392</b>	433,513	<b>30,892</b>	48,610
Dividend income	<b>(565,429)</b>	(1,652,715)	<b>(10,000,000)</b>	(967,298)
Fair value changes on investment properties	<b>(7,102,831)</b>	–	<b>(135,673)</b>	–
Gain on redemption of investment in unit trusts	–	(94)	–	–
Gain on disposal of property, plant and equipment	<b>(1,730)</b>	–	<b>(1,730)</b>	–
Impairment of timber concession	<b>4,864,410</b>	–	<b>4,864,410</b>	–
Interest expense	<b>1,183,866</b>	1,170,285	<b>276,383</b>	164,381
Interest income	<b>(1,188,663)</b>	(1,856,274)	<b>(2,904,081)</b>	(2,179,299)
Inventories written off	–	282,372	–	282,372
Net fair value adjustment on available-for-sale financial assets	–	(2,265)	–	–
Property, plant and equipment written off	<b>15,991</b>	2,855	<b>15,991</b>	–
Timber concession cost recognised	–	2,544,616	–	1,135,566
Timber concession written off	–	136,670	–	136,670
Operating profit before working capital changes	<b>6,401,398</b>	6,276,490	<b>380,910</b>	5,660,786
Increase in land held for development	<b>(28,320)</b>	(27,085)	<b>(28,320)</b>	(27,085)
Decrease/(Increase) in property development costs	<b>16,539,391</b>	(20,093,494)	–	–
Increase in gross amount due to customers on contracts	<b>599,717</b>	2,695,750	–	–
Decrease in progress billings	–	(531,876)	–	–
Decrease/(Increase) in inventories	<b>7,224,513</b>	(2,850,223)	–	–
(Increase)/Decrease in receivables	<b>(47,874,387)</b>	(12,018,266)	<b>624,754</b>	77,681
Increase/(Decrease) in payables	<b>3,249,726</b>	4,320,784	<b>(5,077,129)</b>	(241,991)
Net change in subsidiaries' balances	–	–	<b>1,004,476</b>	(966,179)
Cash (used in)/generated from operations	<b>(13,887,962)</b>	(22,227,920)	<b>(3,095,309)</b>	4,503,212
Income tax paid	<b>(5,480,375)</b>	(3,215,444)	<b>(1,218,398)</b>	(1,338,549)
Income tax refunded	–	54,705	–	–
Interest paid	<b>(1,483,843)</b>	(1,844,431)	<b>(40,162)</b>	(7,680)
Net cash (used in)/from operating activities	<b>(20,852,180)</b>	(27,233,090)	<b>(4,353,869)</b>	3,156,983

The notes set out on pages 49 to 97 form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

	NOTE	GROUP		COMPANY	
		2017 RM	2016 RM	2017 RM	2016 RM
Net cash (used in)/from operating activities		<b>(20,852,180)</b>	(27,233,090)	<b>(4,353,869)</b>	3,156,983
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of equity interests in subsidiaries from non-controlling interests		<b>(580,018)</b>	–	–	–
Cash flows from deconsolidation of a subsidiary	A	<b>(2)</b>	–	–	–
Dividends received		<b>565,429</b>	1,579,000	<b>10,000,000</b>	967,298
Interest received		<b>1,183,702</b>	1,800,873	<b>2,904,081</b>	2,128,710
Investment in subsidiaries		–	–	<b>(1,000,000)</b>	(4)
Net change in subsidiaries' balances		–	–	<b>(32,943,707)</b>	(21,986,138)
Proceeds from disposal of property, plant and equipment		<b>2,830</b>	–	<b>87,628</b>	–
Proceeds from redemption of unit trusts		<b>23,440,489</b>	37,502,446	<b>2,714,655</b>	10,783,795
Purchase of short term investments		<b>(13,000,000)</b>	(11,200,000)	<b>(2,000,000)</b>	(1,200,000)
Purchase of property, plant and equipment	B	<b>(85,635)</b>	(169,104)	<b>(16,380)</b>	(29,953)
Withdrawal of fixed deposits		<b>296,141</b>	–	<b>1,442,862</b>	–
Withdrawal of funds from Institutional Trust Account		<b>10,298,625</b>	9,000,000	<b>10,298,625</b>	9,000,000
Net cash from/(used in) investing activities		<b>22,121,561</b>	38,513,215	<b>(8,512,236)</b>	(336,292)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid to non-controlling interests of subsidiaries		<b>(56,322,005)</b>	–	–	–
Drawdown of commodity financing		<b>5,000,000</b>	–	–	–
Drawdown of factoring		<b>5,676,719</b>	4,511,975	–	–
Drawdown of term loans		<b>5,000,000</b>	1,650,000	–	–
Repayment of term loans		<b>(13,609,080)</b>	(12,921,208)	–	–
Repayment of finance lease liabilities		<b>(291,235)</b>	(205,597)	–	–
Proceeds from private placement		<b>8,620,000</b>	–	<b>8,620,000</b>	–
Purchase of treasury shares		<b>(1,665)</b>	(34,198)	<b>(1,665)</b>	(34,198)
Net cash (used in)/from financing activities		<b>(45,927,266)</b>	(6,999,028)	<b>8,618,335</b>	(34,198)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(44,657,885)</b>	4,281,097	<b>(4,247,770)</b>	2,786,493
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>		<b>48,237,880</b>	43,956,783	<b>4,830,990</b>	2,044,497
<b>CASH AND CASH EQUIVALENTS AT END</b>	C	<b>3,579,995</b>	48,237,880	<b>583,220</b>	4,830,990

The notes set out on pages 49 to 97 form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

NOTES	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
<i>A. Cash flows from deconsolidation of a subsidiary</i>				
Bank balance, representing net assets deconsolidated	2	-	-	-
Deemed loss on deconsolidation of investment in a subsidiary	(2)	-	-	-
Less: Bank balance	(2)	-	-	-
	<b>(2)</b>	-	-	-
<i>B. Purchase of property, plant and equipment</i>				
Total acquisition cost	<b>175,635</b>	675,104	<b>16,380</b>	29,953
Acquisition under finance lease	<b>(90,000)</b>	(506,000)	-	-
Total cash acquisition	<b>85,635</b>	169,104	<b>16,380</b>	29,953
<i>C. Cash and cash equivalents</i>				
Deposits with licensed banks	<b>7,330,460</b>	46,078,709	<b>396,414</b>	5,966,783
Cash and bank balances	<b>7,870,919</b>	4,154,795	<b>583,220</b>	703,483
Bank overdraft	<b>(9,916,940)</b>	-	-	-
	<b>5,284,439</b>	50,233,504	<b>979,634</b>	6,670,266
Less: Deposits pledged with licensed banks	<b>(1,704,444)</b>	(1,995,624)	<b>(396,414)</b>	(1,839,276)
	<b>3,579,995</b>	48,237,880	<b>583,220</b>	4,830,990

The notes set out on pages 49 to 97 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017

## 1. CORPORATE INFORMATION

### General

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 of the Company is located at 55A Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak.

The principal place of business of the Company is located at Level 3A, ELIT Avenue Business Park, 1-3A-18 Jalan Mayang Pasir 3, 11950 Bayan Baru, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 October 2017.

### Principal Activities

The principal activities of the Company consist of property management, property investment, building contractor, project manager for property development and extraction and sale of timber. However, the Company has transferred its property management activity to a wholly-owned subsidiary with effect from 1 December 2016.

The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

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

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable Financial Reporting Standards ("FRS") and the requirements of the Companies Act 2016 in Malaysia.

### 2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies as set out in Note 3.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 in the principal market for the asset or liability, or 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 and the Company.

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 best economic 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 and the Company use 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.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### 2.2 Basis of Measurement (Cont'd)

All assets and liabilities for which fair value is 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 their fair value measurement 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 their fair value measurement is directly or indirectly observable.

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

### 2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency.

### 2.4 Adoption of Amendments/Improvements to FRS

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following standards that are mandatory for the current financial year:

#### **Effective for annual periods beginning on or after 1 January 2016**

*FRS 14 Regulatory Deferral Accounts*

*Amendments to FRS 10, FRS 12 and FRS 128 Investment Entities: Applying the Consolidation Exception*

*Amendments to FRS 11 Accounting for Acquisitions of Interests in Joint Operations*

*Amendments to FRS 101 Disclosure Initiative*

*Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation*

*Amendments to FRS 116 and FRS 141 Agriculture: Bearer Plants*

*Amendments to FRS 127 Equity Method in Separate Financial Statements*

*Annual Improvements to FRS 2012-2014 Cycle*

Initial application of the above standards did not have any material impact to the financial statements of the Group and of the Company.

### 2.5 Standards Issued But Not Yet Effective

#### 2.5.1 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual period beginning on or after 1 January 2012, with the exception of entities that are within the scope of *FRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate*, including its parent, significant investor and venturer ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Company and certain subsidiaries fall within the definition of Transitioning Entities and have opted to defer the adoption of MFRS Framework. However, for subsidiaries which financial statements are prepared in accordance with MFRS, their financial statements were converted to FRS for the purposes of the preparation of the Group financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.5 Standards Issued But Not Yet Effective (Cont'd)

##### 2.5.1 Malaysian Financial Reporting Standards (Cont'd)

In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have not completed their quantification of the financial effects of the differences between FRS and accounting standards under the MFRS Framework and are in the process of assessing the financial effects of the differences. Accordingly, the financial performance and financial position as disclosed in the financial statements of the Group and of the Company for the financial year ended 30 June 2017 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2019.

##### 2.5.2 FRS and Amendments to FRS Issued But Not Yet Effective

The following are accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

###### **Effective for annual periods beginning on or after 1 January 2017**

*Amendments to FRS 12 Disclosure of Interest in Other Entities (under Annual Improvements to FRS 2014-2016 Cycle)*

*Amendments to FRS 107 Statement of Cash Flows: Disclosure Initiatives*

*Amendments to FRS 112 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*

###### **Effective for annual periods beginning on or after 1 January 2018**

*FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)*

*Amendments to FRS 2 Share-based Payment: Classification and Measurement of Share-based Payment Transactions*

*Amendments to FRS 4 Insurance Contracts: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*

*Amendments to FRS 140 Investment Property: Transfers of Investment Property*

*Annual Improvements to FRS Standards 2014-2016 Cycle (except for Amendments to FRS 12 Disclosure of Interests in Other Entities)*

*IC Interpretation 22 Foreign Currency Transactions and Advance Consideration*

###### **Effective date yet to be confirmed**

*Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The new FRS and Amendments to FRS above are expected to have no significant impact on the financial statements of the Group and the Company upon its initial application except for the changes in presentation and disclosures of financial information arising from the adoption of certain FRS and Amendments to FRS above.

The Group's and the Company's financial statements for annual period beginning on 1 July 2018 will be prepared in accordance with the MFRS Framework issued by MASB and International Financial Reporting Standards.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

##### 2.6.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have a significant effect on the amount recognised in the financial statements.

##### 2.6.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period 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:

###### (i) Impairment of non-financial assets

The Group and the Company assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

###### (ii) Impairment of loans and receivables

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, 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.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

###### (iii) Property development

The Group recognises property development revenue and expenses by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

###### (iv) Construction contracts

The Group recognises construction contract revenue and expenses in the profit or loss using the stage of completion method. The stage of completion is measured by reference to the proportion of the survey of works performed to date bear to the estimated total contract sum.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.6 Significant Accounting Estimates and Judgements (Cont'd)

##### 2.6.2 Key sources of estimation uncertainty (Cont'd)

###### (iv) Construction contracts (Cont'd)

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the construction projects. Total revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

###### (v) Inventories

The directors are of the opinion that no write down is required for the unsold units of the Group's completed development properties as they are confident of realising those units at a price which is higher than the carrying amount.

###### (vi) Fair value of investment properties

The Group and Company carry their investment properties at fair value, with changes in fair value being recognised in profit or loss. The directors determine the fair values of the Group's and the Company's investment properties based on the followings:

- (a) With reference to valuation report by external independent property valuer using the direct comparison method, being comparison of current price in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, size, present market trends and other differences; and
- (b) Current market values with reference to the selling prices of similar properties.

###### (vii) Income taxes

The Group and the Company are subject to income taxes whereby significant judgement is required in determining the provision for taxation. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

#### 3.1 Basis of Consolidation

##### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Basis of Consolidation (Cont'd)

##### (i) Subsidiaries (Cont'd)

Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

Upon disposal of investment in subsidiaries, the difference between the net disposal proceeds and their carrying amount is included in profit or loss.

##### (ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised in profit or loss.

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

##### (iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserve.

##### (iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

##### (v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.1 Basis of Consolidation (Cont'd)

#### (v) Non-controlling interests (Cont'd)

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

#### (vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### 3.2 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Leasehold shoplot	Amortise over the lease period of 59 years
Plant and machinery	10% - 20%
Office equipment, furniture and fittings	10% - 20%
Motor vehicles	10% - 20%

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

### 3.3 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise, including the corresponding tax effect.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group and the Company hold it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

### 3.4 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.4 Leases (Cont'd)

#### Finance lease

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership, which include hire purchase arrangement, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between 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 recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

#### Operating lease

Leases, where the Group and the Company do not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

### 3.5 Land Held for Development and Property Development Costs

#### Land held for development

Land held for development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less impairment losses.

Land held for development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

#### Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including interest expense incurred during the period of active development.

Where the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.5 Land Held for Development and Property Development Costs (Cont'd)

#### Property development costs (Cont'd)

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as expenses are recognised as assets, which are measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings.

### 3.6 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 the survey of works performed.

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 expense 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.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses), exceeds progress billing, 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.

### 3.7 Timber Concession

Timber concession is the cost of timber logs to be extracted and/or rights conferred for timber extraction and are stated at cost. Timber concession cost is charged to profit or loss based on the percentage of the volume of timber extracted compared to the total estimated volume of timber available for extraction.

### 3.8 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows 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 or CGU.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.8 Impairment of Non-Financial Assets (Cont'd)

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### 3.9 Financial Instruments

##### 3.9.1 Initial recognition and measurement

A financial asset or a financial liability is 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 instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issuance of the financial instrument.

##### 3.9.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

#### Financial assets

##### (a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

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

##### (b) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group and the Company have 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 effective interest method, except for short-term receivables when the recognition of interest would be immaterial. 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 end of the reporting period which are classified as current.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.9 Financial Instruments (Cont'd)

#### 3.9.2 Financial instrument categories and subsequent measurement (Cont'd)

##### (c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

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

All financial assets are subject to review for impairment.

##### Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Financial liabilities are classified as current liabilities, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

#### 3.9.3 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 statement of comprehensive income over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, 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.

At the end of the reporting period, no values were placed on corporate guarantees provided by the Company to secure bank loans and other bank facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

#### 3.9.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.9 Financial Instruments (Cont'd)

#### 3.9.5 Derecognition

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### 3.10 Impairment of Financial Assets

All financial assets (except for investment in subsidiaries) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

#### 3.11 Inventories

Inventories of completed properties are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, direct building costs and other related development costs. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.12 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

### 3.13 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

### 3.14 Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and to the Company and when the revenue can be reliably measured on the following bases:

#### (i) Property development revenue

Revenue from sale of properties is accounted for by the stage of completion method as described in the accounting policy as set out in Note 3.5.

Revenue from sale of completed development properties is recognised upon the finalisation of sale and purchase agreements and when the risk and rewards of ownership have been transferred to the buyer.

#### (ii) Construction contract revenue

Revenue from construction contracts is accounted for by the stage of completion method as set out in Note 3.6.

#### (iii) Rental income

Rental income is recognised on a time proportion basis over the lease term.

#### (iv) Interest income

Interest income is recognised on a time proportion basis using the applicable effective interest rate.

#### (v) Dividend income

Dividend income is recognised when the right to receive payment is established.

#### (vi) Provision of services

Revenue arising from provision of services is recognised on the date the services are rendered and completed.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.15 Employee Benefits

##### Short term benefits

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

##### Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as expenses as and when incurred.

#### 3.16 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. 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.

Other borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

#### 3.17 Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.17 Income Tax (Cont'd)

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

### 3.18 Goods and Services Tax

Goods and Services Tax ("GST") is a consumption tax based on the value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input tax that a company pays on business purchases is offset against output tax.

Revenue, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with GST inclusive.

The net GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

### 3.19 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, who in this case are the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### 3.20 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

### 3.21 Share Capital, Share Issuance Costs and Dividends

#### Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.21 Share Capital, Share Issuance Costs and Dividends (Cont'd)

##### Share issuance costs

Prior to Companies Act 2016 which came into operation on 31 January 2017, incremental external costs directly attributable to the issuance of new shares are deducted against the share premium account. Effective on 31 January 2017 and subsequent period, incremental external costs directly attributable to the issuance of new shares are deducted against equity.

##### Dividends

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared.

#### 3.22 Treasury Shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

#### 3.23 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) Has control or joint control over the Group;
  - (ii) Has significant influence over the Group; or
  - (iii) Is a member of the key management personnel of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group.
  - (ii) The entity is an associate or joint venture of the other entity.
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the Group.
  - (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT

### GROUP

	Leasehold shoplot RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
<b>2017</b>					
<b>At cost</b>					
Balance at beginning	347,614	219,023	2,145,814	2,338,941	5,051,392
Additions	-	-	58,124	117,511	175,635
Disposal	-	-	-	(16,500)	(16,500)
Written off	-	(127,283)	(886,026)	-	(1,013,309)
Balance at end	<u>347,614</u>	<u>91,740</u>	<u>1,317,912</u>	<u>2,439,952</u>	<u>4,197,218</u>
<b>Accumulated depreciation</b>					
Balance at beginning	29,338	133,021	1,292,265	1,210,585	2,665,209
Current charge	5,895	1,253	154,404	288,840	450,392
Disposal	-	-	-	(15,400)	(15,400)
Written off	-	(127,275)	(870,043)	-	(997,318)
Balance at end	<u>35,233</u>	<u>6,999</u>	<u>576,626</u>	<u>1,484,025</u>	<u>2,102,883</u>
<b>Carrying amount</b>	<u><b>312,381</b></u>	<u><b>84,741</b></u>	<u><b>741,286</b></u>	<u><b>955,927</b></u>	<u><b>2,094,335</b></u>
<b>2016</b>					
<b>At cost</b>					
Balance at beginning	347,614	219,023	2,067,812	1,745,173	4,379,622
Additions	-	-	81,336	593,768	675,104
Written off	-	-	(3,334)	-	(3,334)
Balance at end	<u>347,614</u>	<u>219,023</u>	<u>2,145,814</u>	<u>2,338,941</u>	<u>5,051,392</u>
<b>Accumulated depreciation</b>					
Balance at beginning	26,133	129,161	1,139,055	937,826	2,232,175
Current charge	3,205	3,860	153,689	272,759	433,513
Written off	-	-	(479)	-	(479)
Balance at end	<u>29,338</u>	<u>133,021</u>	<u>1,292,265</u>	<u>1,210,585</u>	<u>2,665,209</u>
Carrying amount	<u>318,276</u>	<u>86,002</u>	<u>853,549</u>	<u>1,128,356</u>	<u>2,386,183</u>

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### COMPANY

	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
<b>2017</b>				
<b>At cost</b>				
Balance at beginning	285,959	1,167,055	379,508	1,832,522
Addition	-	-	16,380	16,380
Disposals	(7,000)	(160,634)	(16,500)	(184,134)
Written off	(194,219)	(886,026)	-	(1,080,245)
Balance at end	<b>84,740</b>	<b>120,395</b>	<b>379,388</b>	<b>584,523</b>
<b>Accumulated depreciation</b>				
Balance at beginning	199,957	977,541	378,408	1,555,906
Current charge	788	28,464	1,640	30,892
Disposals	(6,534)	(76,302)	(15,400)	(98,236)
Written off	(194,211)	(870,043)	-	(1,064,254)
Balance at end	<b>-</b>	<b>59,660</b>	<b>364,648</b>	<b>424,308</b>
<b>Carrying amount</b>	<b>84,740</b>	<b>60,735</b>	<b>14,740</b>	<b>160,215</b>
<b>2016</b>				
<b>At cost</b>				
Balance at beginning	285,959	1,137,102	379,508	1,802,569
Additions	-	29,953	-	29,953
Balance at end	285,959	1,167,055	379,508	1,832,522
<b>Accumulated depreciation</b>				
Balance at beginning	196,097	934,441	376,758	1,507,296
Current charge	3,860	43,100	1,650	48,610
Balance at end	199,957	977,541	378,408	1,555,906
Carrying amount	86,002	189,514	1,100	276,616

#### GROUP

The carrying amount of motor vehicles acquired under finance lease is **RM941,185** (2016: RM1,127,256). The leased assets are pledged as securities for the related finance lease liabilities (Note 21).

### 5. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
At fair value:				
Balance at beginning	51,948,566	51,948,566	1,494,327	1,494,327
Reclassified from inventories	8,558,612	-	-	-
Gain from fair value adjustment	7,102,831	-	135,673	-
Balance at end	<b>67,610,009</b>	51,948,566	<b>1,630,000</b>	1,494,327

## NOTES TO THE FINANCIAL STATEMENTS

### - 30 JUNE 2017 (CONT'D)

#### 5. INVESTMENT PROPERTIES (CONT'D)

The investment properties consist of the following:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Freehold land	<b>14,385,277</b>	14,328,204	<b>320,000</b>	262,927
Freehold shoplots	<b>53,186,912</b>	37,582,542	<b>1,310,000</b>	1,231,400
Leasehold building	<b>37,820</b>	37,820	-	-
	<b>67,610,009</b>	51,948,566	<b>1,630,000</b>	1,494,327

(i) The carrying amount of the Group's investment properties which are pledged as security for banking facilities granted to a subsidiary is **RM28,190,240** (2016: RM28,190,240).

(ii) The following are recognised in profit or loss in respect of investment properties:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Rental income	<b>1,866,307</b>	1,360,240	-	32,000
Direct operating expenses of investment properties:				
- income generating	<b>140,854</b>	128,347	-	-
- non-income generating	<b>435,466</b>	464,865	<b>5,275</b>	5,689

(iii) Fair value measurement of the investment properties are disclosed in Note 36.1 to the financial statements.

#### 6. LAND HELD FOR DEVELOPMENT

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Land, at cost				
Balance at beginning	<b>17,060,055</b>	17,060,055	<b>17,060,055</b>	17,060,055
Reclassified from property development costs	<b>55,032,288</b>	-	-	-
Balance at end	<b>72,092,343</b>	17,060,055	<b>17,060,055</b>	17,060,055
Property development costs				
Balance at beginning	<b>454,230</b>	427,145	<b>454,230</b>	427,145
Additions	<b>28,320</b>	27,085	<b>28,320</b>	27,085
Balance at end	<b>482,550</b>	454,230	<b>482,550</b>	454,230
	<b>72,574,893</b>	17,514,285	<b>17,542,605</b>	17,514,285
Represented by:				
Freehold land	<b>62,952,718</b>	7,920,430	<b>7,920,430</b>	7,920,430
Leasehold land	<b>9,139,625</b>	9,139,625	<b>9,139,625</b>	9,139,625
Property development costs	<b>482,550</b>	454,230	<b>482,550</b>	454,230
	<b>72,574,893</b>	17,514,285	<b>17,542,605</b>	17,514,285

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 6. LAND HELD FOR DEVELOPMENT (CONT'D)

### GROUP AND COMPANY

The carrying amount of freehold land and leasehold land which are pledged to a licensed bank for banking facilities granted to the Company is **RM17,060,055** (2016: RM17,060,055).

## 7. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2017 RM	2016 RM
Unquoted shares, at cost	<b>47,102,784</b>	46,102,784
Less: Allowance for impairment	<b>(3,544,381)</b>	(3,544,381)
	<b>43,558,403</b>	42,558,403
Unquoted shares, at valuation	<b>11,234,545</b>	11,234,545
Less: Allowance for impairment	<b>(10,518,558)</b>	(10,518,558)
	<b>715,987</b>	715,987
	<b>44,274,390</b>	43,274,390

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

Name of Subsidiary	Effective Equity Interest		Principal Activities
	2017 %	2016 %	
<b>Direct subsidiaries</b>			
Great Eastern Mills Berhad	<b>78</b>	78	Dormant.
Sam Koh Company Sdn. Bhd.	<b>100</b>	100	Extraction and sale of timber.
Seal Ventures Sdn. Bhd.	<b>100</b>	100	Property development.
Seal Trading Corporation Sdn. Bhd.	<b>100</b>	100	Trading of timber.
Seal Properties (KL) Sdn. Bhd.	<b>100</b>	100	Turnkey, project and construction manager for property development.
SM Management Sdn. Bhd.	<b>100</b>	100	Providing administrative services.
* Seal Development Sdn. Bhd.	<b>-</b>	100	Dormant.
Seal Land Sdn. Bhd.	<b>100</b>	100	Property development.
Seal Properties Sdn. Bhd.	<b>100</b>	100	Property investment and property development.
Seal Place Sdn. Bhd.	<b>100</b>	100	Letting of properties, advertisement billboard, car park and event space.
Seal City Sdn. Bhd.	<b>100</b>	100	Property investment.
Seal Properties (SP) Sdn. Bhd.	<b>100</b>	100	Property development.
Ardentige Marketing Sdn. Bhd.	<b>100</b>	100	Provision of marketing services.
Utmost Construction Sdn. Bhd.	<b>100</b>	100	Dormant.
Seal Properties (PG) Sdn. Bhd.	<b>100</b>	100	Property development.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Effective Equity Interest		Principal Activities
	2017 %	2016 %	
Seal Mall (KL) Sdn. Bhd.	100	100	Dormant.
Seal Management Sdn. Bhd. (formerly known as Gem Board Sendirian Berhad)	100	–	The company has commenced its property management activity during the current financial year.
<b>Indirect - held through Great Eastern Mills Berhad</b>			
Seal Management Sdn. Bhd. (formerly known as Gem Board Sendirian Berhad)	–	92	Dormant.
<b>Indirect - held through Seal Properties Sdn. Bhd.</b>			
Seal Lifestyle Development Sdn. Bhd.	100	51	Property development.
Seal Concepts Sdn. Bhd.	51	51	Property development.
Seal Properties (Bayan City) Sdn. Bhd.	51	51	Property development.
Seal Mall Sdn. Bhd.	51	51	Dormant.
<b>Indirect - held through Seal Properties (KL) Sdn. Bhd.</b>			
Great Eastern Mills Berhad	14	14	Dormant.
<b>Indirect - held through Seal Properties (PG) Sdn. Bhd.</b>			
Seal Properties (Bayan City) Sdn. Bhd.	9	–	Property development.
Seal Concepts Sdn. Bhd.	9	–	Property development.
Seal Mall Sdn. Bhd.	9	–	Dormant.

\* Not audited by Grant Thornton. The subsidiary was successfully struck off during the financial year and the deconsolidation of this subsidiary did not have a material impact on the Group's financial statements.

#### 2017

- (i) On 13 October 2016, the Company acquired the entire equity interest comprising 2 ordinary shares in Seal Management Sdn. Bhd. (formerly known as Gem Board Sdn. Bhd.) from a subsidiary, Great Eastern Mills Berhad for a total consideration of RM2. Subsequently the Company subscribed for an additional 999,998 ordinary shares for a total consideration of RM999,998 in Seal Management Sdn. Bhd.
- (ii) On 16 and 18 January 2017, the Company via its wholly-owned subsidiary, Seal Properties (PG) Sdn. Bhd. acquired 9% equity interest in each of the following companies:
- Seal Properties (Bayan City) Sdn. Bhd. comprising 90,000 ordinary shares for a total cash consideration of RM90,000;
  - Seal Concepts Sdn. Bhd. comprising 9 ordinary shares for RM9; and
  - Seal Mall Sdn. Bhd. comprising 9 ordinary shares for RM9.
- (iii) On 18 January 2017, the Company via its wholly-owned subsidiary, Seal Properties Sdn. Bhd. acquired the remaining 49% equity interest comprising 490,000 ordinary shares in Seal Lifestyle Development Sdn. Bhd. for a total cash consideration of RM490,000.

## NOTES TO THE FINANCIAL STATEMENTS

### - 30 JUNE 2017 (CONT'D)

#### 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

2016

- (i) On 2 July 2015, the Company incorporated a wholly-owned subsidiary by the name of Seal Properties (PG) Sdn. Bhd., with a paid-up capital of RM2.
- (ii) On 19 April 2016, the Company incorporated a wholly-owned subsidiary by the name of Seal Mall (KL) Sdn. Bhd., with a paid-up capital of RM2.
- (iii) On 30 June 2016, the Company subscribed for 14,600,000 redeemable non-cumulative non-convertible preference shares of RM0.10 each in Seal City Sdn. Bhd. at a premium of RM0.90 per share.
- (iv) On 30 June 2016, the Company subscribed for 16,570,000 redeemable non-cumulative non-convertible preference shares of RM0.10 each in Seal Place Sdn. Bhd. at a premium of RM0.90 per share.

#### Subsidiaries with material non-controlling interests

The Group regards the non-controlling interests of the following subsidiaries material to the Group and is set out below. The equity interests held by non-controlling interests are as follows:

	Equity interest held by non-controlling interests	
	2017	2016
	%	%
Seal Properties (Bayan City) Sdn. Bhd. ("SPBC")	40	49
Seal Concepts Sdn. Bhd. ("SCSB")	40	49

Summarised financial information of the subsidiaries which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

	SPBC RM	SCSB RM	Total RM
<b>As at 30 June 2017</b>			
Total assets	14,973,523	72,838,624	87,812,147
Total liabilities	(164,214)	(70,815,361)	(70,979,575)
Net assets	14,809,309	2,023,263	16,832,572
<b>Year ended 30 June 2017</b>			
Revenue	37,193,583	–	37,193,583
Other income	3,108,949	16,390,951	19,499,900
Net profit, representing total comprehensive income	15,541,917	9,084,016	24,625,933
<b>Year ended 30 June 2017</b>			
Net cash generated from/(used in):			
Operating activities	6,981,971	13,496,904	20,478,875
Investing activities	10,437,669	–	10,437,669
Financing activities	(56,019,782)	(12,486,096)	(68,505,878)
Net change in cash and cash equivalents	(38,600,142)	1,010,808	(37,589,334)
Dividends paid to NCI	54,922,004	1,400,000	56,322,004

## NOTES TO THE FINANCIAL STATEMENTS

### - 30 JUNE 2017 (CONT'D)

#### 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

	SPBC RM	SCSB RM	Total RM
As at 30 June 2016			
Total assets	157,651,205	72,678,014	230,329,219
Total liabilities	<u>(21,965,869)</u>	<u>(76,238,767)</u>	<u>(98,204,636)</u>
Net assets/(liabilities)	<u>135,685,336</u>	<u>(3,560,753)</u>	<u>132,124,583</u>
Year ended 30 June 2016			
Revenue	(192,512)	–	(192,512)
Other income	4,669,121	214,879	4,884,000
Net profit/(loss), representing total comprehensive income/(loss)	<u>666,587</u>	<u>(2,242,728)</u>	<u>(1,576,141)</u>
Year ended 30 June 2016			
Net cash generated from/(used in):			
Operating activities	14,391,364	(26,107,340)	(11,715,976)
Investing activities	17,172,284	–	17,172,284
Financing activities	<u>(26,393,055)</u>	<u>26,143,028</u>	<u>(250,027)</u>
Net change in cash and cash equivalents	<u>5,170,593</u>	<u>35,688</u>	<u>5,206,281</u>
Dividends paid to NCI	<u>–</u>	<u>–</u>	<u>–</u>

#### 8. TIMBER CONCESSION

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
At cost:				
Balance at beginning	<b>16,761,141</b>	19,442,427	<b>7,058,654</b>	8,330,890
Costs recognised in profit or loss	–	(2,544,616)	–	(1,135,566)
Written off	–	(136,670)	–	(136,670)
	<b>16,761,141</b>	16,761,141	<b>7,058,654</b>	7,058,654
Less: Impairment loss	<b>(4,864,410)</b>	–	<b>(4,864,410)</b>	–
	<b>11,896,731</b>	16,761,141	<b>2,194,244</b>	7,058,654

During the financial year, an impairment loss of **RM4,864,410** (2016: RM Nil) is provided in respect of certain timber concessions of the Group and of the Company after performing an impairment assessment as the management is of the opinion that these timber concessions may not generate future economic benefits to the Group and to the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 9. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2017 RM	2016 RM
Balance at beginning		
Freehold land, at cost	<b>102,968,290</b>	78,009,945
Development costs	<b>5,171,544</b>	11,044,155
	<b>108,139,834</b>	89,054,100
Costs incurred during the financial year		
Freehold land, at cost	<b>18,995,226</b>	25,874,640
Development costs	<b>1,108,730</b>	3,439,688
	<b>20,103,956</b>	29,314,328
* Reimbursement by the Landowner	<b>(34,337,098)</b>	-
Reclassification to land held for development	<b>(55,032,288)</b>	-
Property development costs written off	<b>(2,006,272)</b>	-
Unsold units transferred to inventories	-	(7,816,931)
Reversal of completed project	-	(2,411,663)
	<b>36,868,132</b>	108,139,834
Costs recognised in profit or loss		
Balance at beginning	-	(1,681,906)
Recognised during the financial year	-	(580,145)
Reversal of completed project	-	2,262,051
Balance at end	-	-
	<b>36,868,132</b>	108,139,834
Represented by:		
Freehold land	<b>32,594,130</b>	102,968,290
Development costs	<b>4,274,002</b>	5,171,544
	<b>36,868,132</b>	108,139,834

- (i) Freehold land of **RM32,594,130** (2016: RM19,256,870) is charged to a bank for banking facilities granted to a subsidiary.
- (ii) Included in property development costs incurred during the financial year is borrowing costs of **RM299,977** (2016: RM674,147).
- (iii) On 28 November 2012, SCSB entered into a Joint Venture Agreement ("JVA") with Koperasi Tunas Muda Sungai Ara Berhad ("the Landowner") to develop part of the Landowner's freehold land at SCSB's cost and expenses including the following consideration and upon the terms and conditions as stated in the JVA:
- Cash payment of RM86,248,800; and
  - Construction of one block of commercial building for the Landowner.

Subsequently, SCSB and the Landowner have entered into the Supplementary cum Novation Agreement as disclosed in Note 32(c) to the financial statements.

\* This is in relation to the reimbursement of consideration sum from the Landowner back to SCSB pursuant to the Supplementary cum Novation Agreement.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 10. INVENTORIES

Inventories comprise completed development properties.

Included herein are completed development properties amounting to **RM7,018,849** (2016: RM2,709,390) which are charged to a licensed bank as security for banking facility granted to certain subsidiaries.

### 11. TRADE RECEIVABLES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables	<b>64,706,403</b>	36,711,334	<b>231,681</b>	799,973
Less: Allowance for impairment	<b>(7,635,124)</b>	(7,635,124)	<b>(135,124)</b>	(135,124)
	<b>57,071,279</b>	29,076,210	<b>96,557</b>	664,849

Included in the Group's trade receivable is retention sum of **RM5,857,954** (2016: RM3,683,208).

The trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

The trade receivables are non-interest bearing and the credit terms granted to the trade receivables are as follows:

- (i) Property development : Credit term for sale of completed properties is generally for a period of three months, extending up to four months while the credit term for progress billings range from **14 to 21 days** (2016: 14 to 21 days) from the date of the progress billings.
- (ii) Construction : Credit term is **30 days** (2016: 30 days) from the date of the progress billings.
- (iii) Others : Credit term ranges from **7 to 90 days** (2016: 7 to 90 days).

### 12. OTHER RECEIVABLES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
* Other receivables				
Total amount	<b>49,436,437</b>	56,851,163	<b>769,849</b>	769,849
Less: Allowance for impairment	<b>(769,849)</b>	(769,849)	<b>(769,849)</b>	(769,849)
	<b>48,666,588</b>	56,081,314	-	-
# Stakeholders' sum	<b>26,300,927</b>	-	-	-
GST claimable	<b>1,410,074</b>	23,599	<b>15,380</b>	-
	<b>76,377,589</b>	56,104,913	<b>15,380</b>	-
Deposits				
Total amount	<b>1,033,934</b>	1,376,462	<b>7,194</b>	34,042
Less: Allowance for impairment	<b>(446,714)</b>	(446,714)	-	-
	<b>587,220</b>	929,748	<b>7,194</b>	34,042
Prepayments				
Total amount	<b>15,449,550</b>	15,500,380	<b>15,078,365</b>	15,123,359
Less: Allowance for impairment	<b>(14,917,340)</b>	(14,917,340)	<b>(14,917,340)</b>	(14,917,340)
	<b>532,210</b>	583,040	<b>161,025</b>	206,019
	<b>77,497,019</b>	57,617,701	<b>183,599</b>	240,061

## NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

### 12. OTHER RECEIVABLES (CONT'D)

#### GROUP

\* On 19 February 2013, Seal Properties (KL) Sdn. Bhd. entered into a Turnkey Agreement with Dwitasik Sdn. Bhd. to develop a piece of land measuring 12.46 acres into a mixed development project ("the Development") subject to the terms and conditions contained therein.

Included in other receivables is **RM48,356,188** (2016: RM55,867,764) which is the consideration and payment of land premiums and other related charges to authorities and expenditures related to the Development pursuant to the terms and condition of the Turnkey Agreement and is repayable from the sales proceeds of the Development.

# This is in relation to the stakeholders' sum held by the solicitors pursuant to the Settlement Agreement as disclosed in Note 39 to the financial statements.

### 13. AMOUNT DUE FROM/TO SUBSIDIARIES

	COMPANY	
	2017 RM	2016 RM
<b>Amount due from subsidiaries</b>		
Trade related	<b>1,808,364</b>	2,812,840
Non-trade related		
- Non-interest bearing	<b>11,139,692</b>	10,975,581
Less: Allowance for impairment	<b>(36,079)</b>	(36,079)
	<b>11,103,613</b>	10,939,502
- Interest bearing	<b>140,175,748</b>	77,001,964
	<b>151,279,361</b>	87,941,466
	<b>153,087,725</b>	90,754,306
<b>Amount due to subsidiaries</b>		
Non-trade related		
- Interest bearing	<b>35,930,701</b>	5,300,292

The non-trade related amount is unsecured and is repayable on demand. Interest is charged at **3%** (2016: 3%) per annum and is computed based on the daily outstanding balance.

### 14. OTHER INVESTMENTS

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Held-to-maturity investments				
- Institutional Trust Account, at cost	-	10,298,625	-	10,298,625
Available-for-sale financial assets				
- Unit trusts quoted in Malaysia, at fair value	<b>811,370</b>	11,251,859	-	714,655
	<b>811,370</b>	21,550,484	-	11,013,280
Market value of quoted unit trusts in Malaysia	<b>811,370</b>	11,251,859	-	714,655

## NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

### 14. OTHER INVESTMENTS (CONT'D)

The market value of the Institutional Trust Account (ITA) cannot be determined based on observable market data and hence the carrying value is stated at cost.

The ITA was earmarked as a security deposit for the lease of a shopping complex which the Company has sold to Amanah Raya Berhad pursuant to the sale and purchase agreement dated 17 January 2006.

The effective interest rate of the ITA at the end of the previous financial reporting period was 3.75% per annum.

The ITA with carrying amount of RM9,960,000 was pledged to a bank for banking facility granted to a subsidiary in the previous financial year.

### 15. DEPOSITS WITH LICENSED BANKS

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Fixed deposits	<b>2,184,444</b>	45,095,691	<b>396,414</b>	5,029,492
Short term deposits	<b>5,146,016</b>	983,018	–	937,291
	<b>7,330,460</b>	46,078,709	<b>396,414</b>	5,966,783

Included herein are the Group's and the Company's deposits of **RM1,704,444** (2016: RM1,995,624) and **RM396,414** (2016: RM1,839,276) respectively which are pledged to licensed banks as securities for banking facilities granted to the Company and certain subsidiaries.

The effective interest rates per annum of the deposits with licensed banks at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2017 %	2016 %	2017 %	2016 %
Fixed deposits	<b>3.10 to 3.44</b>	2.70 to 3.65	<b>3.10</b>	2.70 to 3.40
Short term deposits	<b>1.28 to 3.00</b>	1.20 to 2.27	–	1.20 to 2.27

### 16. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Housing Development Account	<b>2,035</b>	2,043	–	–
Others	<b>7,868,884</b>	4,152,752	<b>583,220</b>	703,483
	<b>7,870,919</b>	4,154,795	<b>583,220</b>	703,483

Withdrawals from the Housing Development Account are restricted in accordance with the Housing Developers (Housing Development Account) Regulations 1991.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 17. SHARE CAPITAL AND SHARE PREMIUM

#### GROUP AND COMPANY

Share capital	Number of ordinary shares		Amount	
	2017	2016	2017 RM	2016 RM
<b>Issued and fully paid</b>				
Balance at beginning	<b>221,402,684</b>	221,402,684	<b>88,561,074</b>	88,561,074
Private placement	<b>21,550,000</b>	–	<b>8,620,000</b>	–
Transition to no-par value regime on 31 January 2017	–	–	<b>45,448,463</b>	–
Balance at end	<b>242,952,684</b>	221,402,684	<b>142,629,537</b>	88,561,074
<b>Share premium</b>			<b>2017 RM</b>	<b>2016 RM</b>
Balance at beginning			<b>45,448,463</b>	45,448,463
Transition to no-par value regime on 31 January 2017			<b>(45,448,463)</b>	–
Balance at end			<b>–</b>	45,448,463

Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any amount standing to the credit of the share premium account shall become part of share capital. Included in share premium amounting to RM45,448,463 that is available to be utilised in accordance with Section 618(3) of CA 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

#### Private placement

The Company issued 21,550,000 new ordinary shares of RM0.40 each via a Private Placement during the financial year. The proceeds of RM8,620,000 received from the Private Placement were utilised for the Group's working capital for development and construction projects.

### 18. TREASURY SHARES

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 16 November 2007, approved the Company's plan and mandate to authorise the Directors of the Company to buy back its own shares up to 10% of the existing total issued and paid up share capital. This mandate was renewed at the Annual General Meeting of the Company, held on 13 December 2016.

During the financial year, the Company repurchased 4,000 of its issued and paid-up ordinary shares from the open market at an average price of RM0.41 per share for a total consideration of RM1,665.

For the financial year ended 30 June 2016, the Company repurchased 70,000 of its issued and paid-up ordinary shares from the open market at an average price of RM0.49 per share for a total consideration of RM34,198.

The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 18. TREASURY SHARES (CONT'D)

Of the total **242,952,684** (2016: 221,402,684) issued and fully paid ordinary shares as at 30 June 2017, **5,896,500** (2016: 5,892,500) are held as treasury shares by the Company. As at 30 June 2017, the number of outstanding ordinary shares in issue and fully paid after the set off is therefore **237,056,184** (2016: 215,510,184) ordinary shares.

Treasury shares have no rights to voting, dividends and participation in other distribution.

## 19. RESERVES

	Note	GROUP		COMPANY	
		2017 RM	2016 RM	2017 RM	2016 RM
Asset revaluation reserve	19.1	352,940	352,940	352,940	352,940
Capital reserve	19.2	-	(1,308,103)	-	-
Fair value reserve	19.3	-	-	-	-
		<b>352,940</b>	<b>(955,163)</b>	<b>352,940</b>	<b>352,940</b>

### 19.1 Asset revaluation reserve

Asset revaluation reserve is in respect of the surplus on revaluation of properties, net of deferred tax.

### 19.2 Capital reserve

Capital reserve represents the premium paid for the acquisition from its non-controlling interest of subsidiaries and the Group's share of net assets before and after the change in its ownership interest. The amount is transferred to retained profits following the acquisition of the remaining equity interests of the subsidiaries.

### 19.3 Fair value reserve

	GROUP	
	2017 RM	2016 RM
Balance at beginning	-	2,947
Other comprehensive loss:		
Fair value changes in available-for-sale financial assets	-	(682)
Net loss on available-for-sale financial assets transfer to profit or loss upon disposal	-	(2,265)
	-	(2,947)
Balance at end	-	-

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed or impaired.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 20. RETAINED PROFITS

#### COMPANY

The franking of dividends of the Company is under the single tier system and therefore there is no restriction on the Company to distribute dividends subject to the availability of retained profits.

### 21. BORROWINGS

	<b>GROUP</b>	
	<b>2017</b>	2016
	<b>RM</b>	RM
<b>Non-current liabilities</b>		
<u>Finance lease liabilities</u>		
Minimum payments:		
Within 1 year	<b>273,192</b>	314,012
Later than 1 year but not later than 2 years	<b>229,826</b>	252,768
Later than 2 years but not later than 5 years	<b>272,603</b>	441,172
	<b>775,621</b>	1,007,952
Future finance charges	<b>(58,923)</b>	(90,019)
	<b>716,698</b>	917,933
Amount due within 1 year included under current liabilities	<b>(243,503)</b>	(275,137)
	<b>473,195</b>	642,796
<u>Term loans</u>		
Total amount repayable	<b>27,752,284</b>	36,361,364
Amount due within 1 year included under current liabilities	<b>(3,913,346)</b>	(13,552,338)
	<b>23,838,938</b>	22,809,026
	<b>24,312,133</b>	23,451,822
<b>Current liabilities</b>		
Bank overdraft	<b>9,916,940</b>	-
Commodity financing	<b>5,000,000</b>	-
Factoring	<b>10,188,694</b>	4,511,975
Finance lease liabilities	<b>243,503</b>	275,137
Term loans	<b>3,913,346</b>	13,552,338
	<b>29,262,483</b>	18,339,450
<b>Total borrowings</b>	<b>53,574,616</b>	41,791,272

The finance lease liabilities are secured over the leased assets (Note 4).

The borrowings of the Group (other than finance lease liabilities) are secured by way of:

- (i) Facility Agreements;
- (ii) Legal charge over the Group's freehold shoplots (Note 5);
- (iii) Legal charge over the Group's land (Notes 6 and 9);
- (iv) First party legal charge over certain completed development properties (Note 10);
- (v) Pledge of the Group's fixed deposits and assignment of ITA (Notes 14 and 15); and
- (vi) Corporate guarantee by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 21. BORROWINGS (CONT'D)

A summary of the effective interest rates and the maturities of the borrowings are as follows:

GROUP	Average effective interest rates per annum (%)	Total RM	Maturities			
			Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM	More than 5 years RM
<b>2017</b>						
Bank overdraft	7.40	9,916,940	9,916,940	-	-	-
Commodity financing	5.20	5,000,000	5,000,000	-	-	-
Factoring	5.25	10,188,694	10,188,694	-	-	-
Finance lease liabilities	2.31 to 3.20	716,698	243,503	212,153	261,042	-
Term loans	4.50 to 5.59	27,752,284	3,913,346	1,150,019	3,804,291	18,884,628
<b>2016</b>						
Factoring	5.45	4,511,975	4,511,975	-	-	-
Finance lease liabilities	2.31 to 3.20	917,933	275,137	226,453	416,343	-
Term loans	5.05 to 7.35	36,361,364	13,552,338	3,638,719	2,793,509	16,376,798

### 22. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Deferred tax on fair value changes in investment properties</b>				
Recognised in profit or loss	355,142	-	6,784	-
<b>Excess of capital allowances over depreciation on property, plant and equipment</b>				
Balance at beginning	-	6,000	-	-
Recognised in profit or loss	35,000	-	-	-
Over provision in prior year	-	(6,000)	-	-
Balance at end	35,000	-	-	-
	<b>390,142</b>	-	<b>6,784</b>	-

The net deferred tax liabilities are represented by temporary differences arising from:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Property, plant and equipment	77,000	-	-	-
Investment properties	355,142	-	6,784	-
Unabsorbed tax losses	(42,000)	-	-	-
	<b>390,142</b>	-	<b>6,784</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

### 23. GROSS AMOUNT DUE TO CUSTOMERS ON CONTRACTS

	GROUP	
	2017 RM	2016 RM
Construction contract costs incurred to date	<b>(81,972,902)</b>	(37,511,276)
Attributable profits	<b>(2,298,306)</b>	(1,051,718)
	<b>(84,271,208)</b>	(38,562,994)
Progress billings	<b>87,566,675</b>	41,258,744
	<b>3,295,467</b>	2,695,750

### 24. TRADE PAYABLES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables	<b>10,469,062</b>	4,394,575	<b>12,567</b>	226,094
Retention sum payable	<b>5,665,509</b>	9,055,005	-	-
	<b>16,134,571</b>	13,449,580	<b>12,567</b>	226,094

The trade payables are non-interest bearing and the normal credit terms granted to the Company range from **30 to 90 days** (2016: 14 to 90 days). The retention sum is payable upon the expiry of the defect liability period of **12 to 24 months** (2016: 12 to 24 months).

### 25. OTHER PAYABLES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables	<b>729,734</b>	860,502	<b>113,599</b>	79,979
GST payable	<b>52,380</b>	403,560	-	21,948
Accruals:				
- Accrued development costs	<b>16,077,328</b>	16,199,123	-	-
- Others	<b>1,836,754</b>	726,720	<b>267,264</b>	420,704
	<b>17,914,082</b>	16,925,843	<b>267,264</b>	420,704
Deposits received from:				
- Property buyers	<b>10,000</b>	30,000	-	-
- Tenants	<b>5,398,527</b>	5,320,084	<b>54,086</b>	4,775,920
	<b>5,408,527</b>	5,350,084	<b>54,086</b>	4,775,920
	<b>24,104,723</b>	23,539,989	<b>434,949</b>	5,298,551

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 26. REVENUE

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Rental income	<b>21,876,072</b>	21,773,611	<b>8,320,908</b>	20,705,371
Project development revenue	<b>14,255,555</b>	5,898,633	-	-
Construction contract revenue	<b>45,708,213</b>	37,109,146	-	-
Sale of timber concession	-	2,450,000	-	1,250,000
Provision of marketing services	<b>1,342,923</b>	4,449,511	-	-
Project management fee	-	-	-	947,357
Gross dividend from a subsidiary	-	-	<b>10,000,000</b>	-
	<b>83,182,763</b>	71,680,901	<b>18,320,908</b>	22,902,728

## 27. DIRECT OPERATING COSTS

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Rental operating costs	<b>14,066,161</b>	14,353,548	<b>5,832,806</b>	13,830,214
Property development costs	<b>9,230,786</b>	4,748,106	-	-
Construction contract costs	<b>44,461,625</b>	36,189,596	-	-
Timber related costs	-	3,035,658	-	1,590,608
	<b>67,758,572</b>	58,326,908	<b>5,832,806</b>	15,420,822

## 28. OTHER INCOME

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Administrative income	<b>52,826</b>	49,730	-	-
Dividend income	<b>582,392</b>	1,658,451	<b>406,577</b>	967,298
Fair value gain on investment properties	<b>7,102,831</b>	-	<b>135,673</b>	-
Gain on disposal of property, plant and equipment	<b>1,730</b>	-	<b>1,730</b>	-
Gain on redemption of short term investments	-	94	-	-
Interest income	<b>1,188,663</b>	1,856,274	<b>2,904,081</b>	2,179,299
Rental income	<b>374,983</b>	317,105	-	-
Net fair value adjustment on available- for sales financial assets	-	2,265	-	-
Miscellaneous income	<b>386,758</b>	286,465	<b>72,987</b>	30,623
	<b>9,690,183</b>	4,170,384	<b>3,521,048</b>	3,177,220

## NOTES TO THE FINANCIAL STATEMENTS

### - 30 JUNE 2017 (CONT'D)

#### 29. PROFIT BEFORE TAX

This is arrived at after charging:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Audit fee				
- statutory audit				
- current year	<b>103,500</b>	99,500	<b>35,000</b>	35,000
- prior years	<b>(2,000)</b>	-	-	-
- other services	<b>3,000</b>	5,500	<b>3,000</b>	5,500
Deemed loss on deconsolidation of a subsidiary	<b>2</b>	-	-	-
Depreciation	<b>450,392</b>	433,513	<b>30,892</b>	48,610
* Directors' fee for non-executive directors	<b>138,000</b>	144,000	<b>138,000</b>	144,000
Impairment loss on timber concession	<b>4,864,410</b>	-	<b>4,864,410</b>	-
Interest expense on:				
- Finance lease	<b>43,201</b>	30,890	-	-
- Term loans	<b>1,090,508</b>	1,117,871	-	-
- Bank overdrafts	<b>50,157</b>	21,524	<b>40,162</b>	7,680
- Advances from a subsidiary	-	-	<b>236,221</b>	156,701
Inventories written off	-	282,372	-	282,372
Lease rental	<b>10,065,092</b>	10,116,073	<b>4,235,210</b>	10,116,073
Preliminary expenses	-	3,100	-	-
Property, plant and equipment written off	<b>15,991</b>	2,855	<b>15,991</b>	-
Rental expenses	<b>1,179</b>	5,548	<b>445</b>	23,348
** Staff costs	<b>5,645,588</b>	5,184,476	<b>640,723</b>	648,713
* Represented by:				
Present directors	<b>123,000</b>	144,000	<b>123,000</b>	144,000
Past director	<b>15,000</b>	-	<b>15,000</b>	-
	<b>138,000</b>	144,000	<b>138,000</b>	144,000
** <b>Staff costs</b>				
- Salaries, wages, overtime, allowance, incentive and bonus	<b>5,063,271</b>	4,628,388	<b>582,221</b>	592,413
- EPF	<b>537,093</b>	518,279	<b>56,810</b>	55,060
- SOCSO	<b>45,224</b>	37,809	<b>1,692</b>	1,240
	<b>5,645,588</b>	5,184,476	<b>640,723</b>	648,713

## NOTES TO THE FINANCIAL STATEMENTS

### - 30 JUNE 2017 (CONT'D)

#### 29. PROFIT BEFORE TAX (CONT'D)

##### Directors' remuneration for executive directors

Included in staff costs (excluding benefits-in-kind) of the Group and of the Company is the aggregate amount of remuneration received and receivable by executive directors of the Group and of the Company as shown below:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries and bonus	543,400	522,400	468,000	454,000
EPF	56,810	55,060	56,810	55,060
	<b>600,210</b>	577,460	<b>524,810</b>	509,060
Benefits-in-kind	47,900	23,950	-	-
	<b>648,110</b>	601,410	<b>524,810</b>	509,060

#### 30. TAX EXPENSE

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Malaysian income tax:				
Based on results for the financial year				
- Current tax	(7,698,000)	(2,410,000)	(792,000)	(1,751,000)
- Deferred tax relating to the origination and reversal of temporary differences	(390,142)	-	(6,784)	-
	<b>(8,088,142)</b>	(2,410,000)	<b>(798,784)</b>	(1,751,000)
Over/(Under) provision in prior year				
- Current tax	166,515	23,445	39,702	(6,649)
- Deferred tax	-	6,000	-	-
	<b>166,515</b>	29,445	<b>39,702</b>	(6,649)
	<b>(7,921,627)</b>	(2,380,555)	<b>(759,082)</b>	(1,757,649)

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax	<b>8,745,390</b>	5,217,527	<b>8,234,718</b>	7,039,784
Income tax at Malaysian statutory tax rate of 24%	(2,098,894)	(1,252,207)	(1,976,332)	(1,689,548)
Income not subject to tax	296,699	225,417	2,530,140	55,561
Expenses not deductible for tax purposes	(6,452,172)	(965,249)	(1,314,193)	(105,727)
Utilisation of unabsorbed tax losses and capital allowances	1,406,815	306,449	-	-
Deferred tax movement not recognised	(885,448)	(724,410)	(31,615)	(11,286)
Deferred tax on fair value gain of investment properties	(355,142)	-	(6,784)	-
	<b>(8,088,142)</b>	(2,410,000)	<b>(798,784)</b>	(1,751,000)
Over/(Under) provision in prior year	166,515	29,445	39,702	(6,649)
	<b>(7,921,627)</b>	(2,380,555)	<b>(759,082)</b>	(1,757,649)

## NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

### 30. TAX EXPENSE (CONT'D)

As at the end of the reporting period, the Group and the Company have not recognised the following deferred tax (assets)/liabilities:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Property, plant and equipment	<b>35,000</b>	138,000	<b>16,000</b>	41,000
Unabsorbed tax losses	<b>(7,939,000)</b>	(8,562,000)	-	-
Unabsorbed capital allowances	<b>(11,886,000)</b>	(11,886,000)	<b>(11,319,000)</b>	(11,312,000)
	<b>(19,790,000)</b>	(20,310,000)	<b>(11,303,000)</b>	(11,271,000)

Deferred tax assets have not been recognised on the above temporary differences as it is not probable that taxable profit will be available in the foreseeable future to the extent that the above deductible temporary differences can be utilised.

The amount and future availability of unabsorbed tax losses and allowances of the Group and of the Company which are available to be carried forward for set-off against future taxable income are as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Unabsorbed tax losses	<b>33,251,000</b>	35,403,000	-	-
Unabsorbed capital allowances	<b>49,522,000</b>	49,526,000	<b>47,160,000</b>	47,134,000

### 31. (LOSSES)/EARNINGS PER SHARE

Basic earnings/losses per share is calculated by dividing the profit/loss for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2017	2016
(Loss)/Profit attributable to owners of the Company (RM)	<b>(9,037,469)</b>	3,595,872
Weighted average number of ordinary shares	<b>227,137,883</b>	215,531,277
(Losses)/Earnings per share (sen)	<b>(3.98)</b>	1.67

There are no diluted losses/earnings per share as the Company does not have any convertible financial instruments as at the end of the reporting period.

### 32. COMMITMENTS

#### (a) Capital commitment

	GROUP	
	2017 RM	2016 RM
Approved and contracted for:		
- Property, plant and equipment	-	100,031

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 32. COMMITMENTS (CONT'D)

#### (b) Operating lease commitments

Operating lease commitments represent rentals payable for use of a shopping mall for a term of 3 years. Future minimum rentals payable under non-cancellable operating leases as at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Within 1 year	8,971,550	4,018,121	-	4,018,121
More than 1 year and less than 2 years	8,971,550	-	-	-
More than 2 years and less than 5 years	8,223,921	-	-	-
	<b>26,167,021</b>	<b>4,018,121</b>	<b>-</b>	<b>4,018,121</b>

#### (c) Joint venture commitment

##### GROUP

The balance consideration payable to Koperasi Tunas Sungai Ara Berhad ("the Landowner") pursuant to the Joint Venture Agreement dated 28 November 2012 (see Note 9(iii)) is as follows:

- (i) Balance of cash consideration of **RM Nil** (2016: RM15,874,680); and
- (ii) Construction cost of one block of commercial building for the Landowner, the costs of which is yet to be ascertained.

Subsequently, SCSB and the Landowner have entered into Supplemental cum Novation Agreement whereby approximately 7.2 acres of the Landowner' freehold land shall be developed by and transferred to SCSB. Therefore, the Landowner shall reimburse to SCSB RM34,337,098 of the cash payment and release and discharge SCSB from its obligations for the construction and delivery of one block of commercial building for the Landowner.

### 33. SEGMENT INFORMATION

Segmental information is presented in respect of the Group's business segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

#### Business Segments

The Group comprises the following main business segments:

- (1) Property management
- (2) Property investment
- (3) Timber related
- (4) Property development
- (5) Construction
- (6) Others which consist of investment holding and provision of marketing services

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 33. SEGMENT INFORMATION (CONT'D)

	Property management RM	Property investment RM	Timber related RM	Property development RM	Construction RM	Others RM	Elimination RM	Note	Total RM
<b>2017</b>									
Revenue									
External sales	20,009,765	1,866,307	-	14,255,555	45,708,213	1,342,923	-		83,182,763
Inter-segment sales	-	260,400	-	22,428,488	-	16,069,000	(38,757,888)	A	-
Total revenue	<u>20,009,765</u>	<u>2,126,707</u>	<u>-</u>	<u>36,684,043</u>	<u>45,708,213</u>	<u>17,411,923</u>	<u>(38,757,888)</u>		<u>83,182,763</u>
Result									
Segment results	15,717,615	1,285,497	(4,971,477)	30,999,753	(1,076,119)	84,557,426	(117,772,102)		8,740,593
Interest income									<u>1,188,663</u>
Profit from operations									<u>9,929,256</u>
Finance costs									<u>(1,183,866)</u>
Profit before tax									<u>8,745,390</u>
Tax expense									<u>(7,921,627)</u>
Profit for the financial year									<u>823,763</u>
Assets									
Segment assets	14,204,561	265,732,562	13,045,131	138,784,715	110,570,902	96,890,690	(282,594,607)		<u>356,633,954</u>
Current tax assets									<u>1,379,207</u>
Total assets									<u>358,013,161</u>
Liabilities									
Segment liabilities	11,156,616	73,662,142	8,400,536	97,427,515	112,462,601	10,563,516	(216,563,549)		<u>97,109,377</u>
Deferred tax liabilities									<u>390,142</u>
Current tax liabilities									<u>1,517,768</u>
Total liabilities									<u>99,017,287</u>
Other information									
Additions to non-current assets	87,391	49,650	-	11,500	17,750	122,462	(84,798)	B	203,955
Depreciation	11,171	32,427	-	213,776	78,814	116,894	(2,690)		450,392
Non-cash expenses/ (income) other than depreciation	-	(7,086,840)	4,864,410	-	-	(1,728)	-	C	(2,224,158)

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 33. SEGMENT INFORMATION (CONT'D)

	Property management RM	Property investment RM	Timber related RM	Property development RM	Construction RM	Others RM	Elimination RM	Note	Total RM
2016									
Revenue									
External sales	20,705,371	1,068,240	2,450,000	5,898,633	37,109,146	4,449,511	-		71,680,901
Inter-segment sales	-	260,400	-	-	-	6,761,357	(7,021,757)	A	-
Total revenue	20,705,371	1,328,640	2,450,000	5,898,633	37,109,146	11,210,868	(7,021,757)		71,680,901
Result									
Segment results	6,794,908	105,120	(756,311)	(63,856)	(934,812)	4,011,464	(4,624,975)		4,531,538
Interest income									1,856,274
Profit from operations									6,387,812
Finance costs									(1,170,285)
Profit before tax									5,217,527
Tax expense									(2,380,555)
Profit for the financial year									2,836,972
Assets									
Segment assets	151,425,076	50,746,263	17,770,586	205,377,049	79,640,124	31,048,084	(149,987,342)		386,019,840
Current tax assets									2,521,399
Total assets									388,541,239
Liabilities									
Segment liabilities	10,959,233	20,866,852	8,361,879	50,964,380	78,804,411	17,553,712	(106,033,876)		81,476,591
Current tax liabilities									608,850
Total liabilities									82,085,441
Other information									
Additions to non-current assets	-	38,707	-	27,085	599,293	37,104	-	B	702,189
Depreciation	-	35,142	-	248,633	35,065	117,363	(2,690)		433,513
Non-cash expenses/ (income) other than depreciation	-	-	-	(2,359)	2,855	-	-	C	2,964,154

## NOTES TO THE FINANCIAL STATEMENTS

### - 30 JUNE 2017 (CONT'D)

#### 33. SEGMENT INFORMATION (CONT'D)

Notes to segment information:

- A Inter-segment revenue is eliminated on consolidation.
- B Additions to non-current assets consists of total costs incurred during the financial year to acquire property, plant and equipment and land held for development.
- C Other non-cash expenses/(income) consist of the following items:

	2017 RM	2016 RM
Deemed loss on deconsolidation of a subsidiary	2	-
Fair value gain on investment properties	(7,102,831)	-
(Gain)/Loss on disposal of property, plant and equipment	(1,730)	-
Impairment loss on timber concession	4,864,410	-
Inventories written off	-	282,372
Net fair value adjustment on available-for-sale financial assets upon disposal	-	(2,265)
Property, plant and equipment written off	15,991	2,855
Gain on redemption of investment in unit trusts	-	(94)
Timber concession cost recognised	-	2,544,616
Timber concession written off	-	136,670
	<u>2,224,158</u>	<u>2,964,154</u>

#### By geographical segments

No information on geographical segment is presented as the Group's business is operated solely in Malaysia.

#### Information about major customers

Total revenue from 1 (2016: 1) major customer which contributed more than 10% of the Group's revenue from the construction and provision for marketing services segments amounted to **RM47,051,136** (2016: RM41,558,657).

#### 34. RELATED PARTY DISCLOSURES

##### (i) Identify of related parties

The Group and the Company have related party relationship with its non-controlling interests, its subsidiaries and key management personnel.

##### (ii) Related party transactions

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Transactions with subsidiaries				
- Administrative fee charged by	-	-	933,000	1,695,000
- Interest charged by	-	-	236,221	156,701
- Interest charged to	-	-	2,789,524	2,063,301
- Project management fee charged to	-	-	-	947,357
- Proceeds from sale of property, plant and equipment	-	-	84,797	-
- Rental paid to	-	-	-	20,000
Transactions with its non-controlling interests				
- Sale of completed development properties	<u>14,765,096</u>	-	-	-

##### (iii) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 34. RELATED PARTY DISCLOSURES (CONT'D)

### (iii) Compensation of key management personnel (Cont'd)

The remuneration of the directors and other members of key management during the financial year is as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Short term employee benefits	1,399,412	1,288,393	468,000	454,000
Defined contribution plan	149,363	146,880	56,810	55,060
	<b>1,548,775</b>	<b>1,435,273</b>	<b>524,810</b>	<b>509,060</b>
Analysed as:				
- Directors	648,110	601,410	524,810	509,060
- Key management personnel	900,665	833,863	-	-
	<b>1,548,775</b>	<b>1,435,273</b>	<b>524,810</b>	<b>509,060</b>

## 35. FINANCIAL INSTRUMENTS

### 35.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as:

- (i) Loans and receivables ("L&R");
- (ii) Held-to-maturity investments ("HTM");
- (iii) Available-for-sale financial assets ("AFS"); and
- (iv) Other liabilities measured at amortised cost ("FL").

	Carrying amount RM	L&R RM	HTM RM	AFS RM	FL RM
<b>GROUP</b>					
<b>2017</b>					
<b>Financial assets</b>					
Trade receivables	57,071,279	57,071,279	-	-	-
Other receivables and refundable deposits	75,554,735	75,554,735	-	-	-
Other investments	811,370	-	-	811,370	-
Deposits with licensed banks	7,330,460	7,330,460	-	-	-
Cash and bank balances	7,870,919	7,870,919	-	-	-
	<b>148,638,763</b>	<b>147,827,393</b>	<b>-</b>	<b>811,370</b>	<b>-</b>
<b>Financial liabilities</b>					
Borrowings	53,574,616	-	-	-	53,574,616
Trade payables	16,134,571	-	-	-	16,134,571
Other payables	24,052,343	-	-	-	24,052,343
	<b>93,761,530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93,761,530</b>
<b>2016</b>					
<b>Financial assets</b>					
Trade receivables	29,076,210	29,076,210	-	-	-
Other receivables and refundable deposits	57,011,062	57,011,062	-	-	-
Other investments	21,550,484	-	10,298,625	11,251,859	-
Deposits with licensed banks	46,078,709	46,078,709	-	-	-
Cash and bank balances	4,154,795	4,154,795	-	-	-
	<b>157,871,260</b>	<b>136,320,776</b>	<b>10,298,625</b>	<b>11,251,859</b>	<b>-</b>
<b>Financial liabilities</b>					
Borrowings	41,791,272	-	-	-	41,791,272
Trade payables	13,449,580	-	-	-	13,449,580
Other payables	23,136,429	-	-	-	23,136,429
	<b>78,377,281</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,377,281</b>

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2017 (CONT'D)

### 35. FINANCIAL INSTRUMENTS (CONT'D)

#### 35.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	L&R RM	HTM RM	AFS RM	FL RM
<b>COMPANY</b>					
<b>2017</b>					
<b>Financial assets</b>					
Trade receivables	96,557	96,557	-	-	-
Other receivables and refundable deposits	7,194	7,194	-	-	-
Amount due from subsidiaries	153,087,725	153,087,725	-	-	-
Deposits with licensed banks	396,414	396,414	-	-	-
Cash and bank balances	583,220	583,220	-	-	-
	<b>154,171,110</b>	<b>154,171,110</b>	-	-	-
<b>Financial liabilities</b>					
Trade payables	12,567	-	-	-	12,567
Other payables	434,949	-	-	-	434,949
Amount due to subsidiaries	35,930,701	-	-	-	35,930,701
	<b>36,378,217</b>	-	-	-	<b>36,378,217</b>
<b>2016</b>					
<b>Financial assets</b>					
Trade receivables	664,849	664,849	-	-	-
Other receivables and refundable deposits	34,042	34,042	-	-	-
Amount due from subsidiaries	90,754,306	90,754,306	-	-	-
Other investments	11,013,280	-	10,298,625	714,655	-
Deposits with licensed banks	5,966,783	5,966,783	-	-	-
Cash and bank balances	703,483	703,483	-	-	-
	<b>109,136,743</b>	<b>98,123,463</b>	<b>10,298,625</b>	<b>714,655</b>	-
<b>Financial liabilities</b>					
Trade payables	226,094	-	-	-	226,094
Other payables	5,298,551	-	-	-	5,298,551
Amount due to subsidiaries	5,300,292	-	-	-	5,300,292
	<b>10,824,937</b>	-	-	-	<b>10,824,937</b>

#### 35.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk and liquidity risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

#### 35.3 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from its trade receivables, advances and financial guarantees given to its subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### 35.3 Credit risk (Cont'd)

#### 35.3.1 Trade receivables

In respect of trade receivables arising from the sale of development properties, the Group mitigates its credit risk by maintaining its name as the registered owner of the development properties until full settlement by the purchaser.

As for other business activities, the Group and the Company will take into consideration factors such as the relationship with the customers, their payment history and credit worthiness in deciding whether credit shall be extended. The Group and the Company subject new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's and the Company's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by their carrying amount in the statement of financial position.

The ageing of trade receivables and allowance for impairment of the Group and of the Company are as follows:

	Gross RM	Individual impairment RM	Net RM
<b>GROUP</b>			
<b>2017</b>			
Not past due	7,903,740	–	7,903,740
Past due 1 - 30 days	3,601,814	–	3,601,814
Past due 31 - 60 days	4,777,228	–	4,777,228
Past due more than 60 days	48,423,621	(7,635,124)	40,788,497
	<b>56,802,663</b>	<b>(7,635,124)</b>	<b>49,167,539</b>
	<b>64,706,403</b>	<b>(7,635,124)</b>	<b>57,071,279</b>
<b>2016</b>			
Not past due	10,854,218	–	10,854,218
Past due 1 - 30 days	2,289,203	–	2,289,203
Past due 31 - 60 days	1,846,215	–	1,846,215
Past due more than 60 days	21,721,698	(7,635,124)	14,086,574
	<b>25,857,116</b>	<b>(7,635,124)</b>	<b>18,221,992</b>
	<b>36,711,334</b>	<b>(7,635,124)</b>	<b>29,076,210</b>
<b>COMPANY</b>			
<b>2017</b>			
Not past due	219	–	219
Past due 1 - 30 days	–	–	–
Past due 31 - 60 days	500	–	500
Past due more than 60 days	230,962	(135,124)	95,838
	<b>231,462</b>	<b>(135,124)</b>	<b>96,338</b>
	<b>231,681</b>	<b>(135,124)</b>	<b>96,557</b>
<b>2016</b>			
Not past due	330,368	–	330,368
Past due 1 - 30 days	201,452	–	201,452
Past due 31 - 60 days	35,858	–	35,858
Past due more than 60 days	232,295	(135,124)	97,171
	469,605	(135,124)	334,481
	799,973	(135,124)	664,849

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### 35.3 Credit risk (Cont'd)

#### 35.3.1 Trade receivables (Cont'd)

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group and the Company. None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group and the Company have trade receivables amounting to **RM49,167,539** (2016: RM18,221,992) and **RM96,338** (2016: RM334,481) respectively that are past due at the end of the reporting period but not impaired as the management is of the view that these past due amounts will be collected in due course.

The Group has significant concentration of credit risk in the form of outstanding balance due from **1 customer** (2016: 1 customer), which represents **96%** (2016: 75%) of the total trade receivables.

#### 35.3.2 Intercompany balances

The Company provides advances to its subsidiaries and monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amount in the statement of financial position.

Debt monitoring procedures are performed on an on-going basis and as at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable.

#### 35.3.3 Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by them. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

### 35.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient level of cash and cash equivalents to meet their working capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### 35.4 Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM	More than 5 years RM
<b>GROUP</b>						
<b>2017</b>						
<i>Non-derivative financial liabilities</i>						
Interest bearing borrowings	53,574,616	65,322,770	30,518,553	2,522,920	7,151,884	25,129,413
Trade and other payables	40,186,914	40,186,914	40,186,914	-	-	-
	<b>93,761,530</b>	<b>105,509,684</b>	<b>70,705,467</b>	<b>2,522,920</b>	<b>7,151,884</b>	<b>25,129,413</b>
2016						
<i>Non-derivative financial liabilities</i>						
Interest bearing borrowings	41,791,272	53,681,633	19,786,220	4,966,827	6,043,450	22,885,136
Trade and other payables	36,586,009	36,586,009	36,586,009	-	-	-
	<b>78,377,281</b>	<b>90,267,642</b>	<b>56,372,229</b>	<b>4,966,827</b>	<b>6,043,450</b>	<b>22,885,136</b>
<b>COMPANY</b>						
<b>2017</b>						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	447,516	447,516	447,516	-	-	-
Amount due to subsidiaries	35,930,701	35,930,701	35,930,701	-	-	-
Financial guarantee*	-	50,357,517	50,357,517	-	-	-
	<b>36,378,217</b>	<b>86,735,734</b>	<b>86,735,734</b>	<b>-</b>	<b>-</b>	<b>-</b>
2016						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	5,524,645	5,524,645	5,524,645	-	-	-
Amount due to subsidiaries	5,300,292	5,300,292	5,300,292	-	-	-
Financial guarantee*	-	40,873,339	40,873,339	-	-	-
	<b>10,824,937</b>	<b>51,698,276</b>	<b>51,698,276</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* This liquidity risk exposure is included for illustration purpose only as the related financial guarantee has not crystallised.

## NOTES TO THE FINANCIAL STATEMENTS

### - 30 JUNE 2017 (CONT'D)

#### 35. FINANCIAL INSTRUMENTS (CONT'D)

##### 35.5 Interest rate risk

The Group's and the Company's fixed rate deposits, borrowings and intercompany advances are exposed to a risk of change in their fair values due to changes in interest rates. The Group's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and of the Company's interest-bearing financial instruments based on the carrying amounts as at the end of the reporting period is as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Fixed rate instruments</b>				
Financial assets	<b>7,330,460</b>	56,377,334	<b>140,304,479</b>	93,267,372
Financial liabilities	<b>716,698</b>	917,933	<b>35,930,701</b>	5,300,292
<b>Floating rate instruments</b>				
Financial liabilities	<b>52,857,918</b>	40,873,339	-	-

##### Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

##### Cash flow sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have reduced profit before tax by **RM68,069** (2016: RM55,986) and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

#### 36. FAIR VALUE MEASUREMENT

The carrying amounts of the Group's and the Company's financial assets (other than investments in quoted equity instruments) and financial liabilities as at the end of the reporting period approximate their fair values due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amount of the non-current portion of finance lease liabilities is reasonable approximation of fair values due to the insignificant impact of discounting.

It is not practicable to estimate the fair value of the Group's and the Company's investment in Institutional Trust Account which is categorised as held-to-maturity investment due to the lack of comparable quoted price in an active market and the fair value cannot be reliably measured. Therefore, this investment is carried at its original cost less any impairment losses.

##### 36.1 Non-financial assets that are measured at fair value

The directors determine the fair values of the Group's and the Company's investment properties based on the followings:

- With reference to valuation report by external independent property valuer using the direct comparison method, being comparison of current price in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, size, present market trends and other differences; and

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 36. FAIR VALUE MEASUREMENT (CONT'D)

### 36.1 Non-financial assets that are measured at fair value (Cont'd)

(b) Current market values with reference to the selling prices of similar properties.

Details of the Group's and the Company's investment properties and information about the fair value hierarchy are as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
<b>GROUP</b>					
<b>2017</b>					
Investment properties	-	-	67,610,009	67,610,009	67,610,009
2016					
Investment properties	-	-	51,948,566	51,948,566	51,948,566
<b>COMPANY</b>					
<b>2017</b>					
Investment properties	-	-	1,630,000	1,630,000	1,630,000
2016					
Investment properties	-	-	1,494,327	1,494,327	1,494,327

The amount included in profit or loss of the Group and of the Company for unrealised gains on Level 3 assets amounted to **RM7,102,831** (2016: RM Nil) and **RM135,673** (2016: RM Nil) respectively.

### 36.2 Financial assets that are measured at fair value

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
<b>GROUP</b>					
<b>2017</b>					
<b>Financial assets</b>					
Other investments	811,370	-	-	811,370	811,370
2016					
Financial assets					
Other investments	11,251,859	-	-	11,251,859	11,251,859
<b>COMPANY</b>					
<b>2017</b>					
<b>Financial assets</b>					
Other investments	-	-	-	-	-
2016					
Financial assets					
Other investments	714,655	-	-	714,655	714,655

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

### - 30 JUNE 2017 (CONT'D)

#### 37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

The Group manages capital by regularly monitoring its liquidity requirements rather than using debt/equity ratio and there were no external capital requirements and/or covenants imposed by its lenders on the Group as at the end of the reporting period.

#### 38. EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company had on 9 June 2010 and 15 July 2010 obtained approvals from Bursa Malaysia Securities Berhad and the shareholders respectively to establish an ESOS with duration of ten years from the effective date.

As at 30 June 2016, no options were granted.

The salient features of the ESOS are as follows:

- (i) The aggregate number of options offered under the ESOS shall not exceed ten per centum (10%) of the issued and paid-up share capital during the duration of the ESOS or such additional number that may be permitted by the relevant authorities during the duration of the ESOS,
- (ii) Not more than fifty per centum (50%) of the shares available under the ESOS should be allocated, in aggregate, to directors (including non-executive directors) and senior management of the Group. In addition, not more than ten per centum (10%) of the shares available under the ESOS should be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds twenty per centum (20%) or more in the issued and paid-up share capital of the Company,
- (iii) An employee (including directors of any company comprised in the Group) shall be eligible to participate in the ESOS if the employee is at least eighteen (18) years of age on the date of offer; employed full time by and on the payroll of any company in the Group and his employment must have been confirmed on the date of offer,
- (iv) The option price shall be based on the 5-day volume weighted average market price of the shares of the Company immediately prior to the date of offer provided that the price shall not be at a discount of more than ten per centum (10%) of the 5-day volume weighted average market prices and shall not be less than the par value of the shares of the Company, and
- (v) The new shares to be issued and allotted upon exercise of the option will upon allotment and issuance rank *pari passu* in all respect with the then existing issued shares except that the shares so issued will not be entitled for any right, dividend, allotment and/or any other distributions declared, made or paid, the entitlement date of which is prior to the date of allotment of the shares. The new shares will be subjected to all the provisions of the Constitution of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2017 (CONT'D)

## 39. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 16 December 2016, the Company together with its subsidiaries, namely Seal Properties Sdn. Bhd., Seal Properties (Bayan City) Sdn. Bhd., Seal Concepts Sdn. Bhd. and Seal Place Sdn. Bhd., and its directors, namely Tuan Haji Abdul Hamid Bin Mohd Hassan and Fang Siew Hong, entered into a Settlement Agreement ("Settlement Agreement") with Sovereign Paramount Sdn. Bhd. ("Sovereign Paramount"), Sierra Bonus Sdn. Bhd. and Sulaiman Bin Ahmad pursuant to an Originating Summons and a Notice of Discontinuance filed by Sovereign Paramount, as announced by the Company on 22 February 2016 and 24 November 2016 respectively ("Settlement").

As at 30 June 2017, the Settlement has not been completed pending the fulfillment of certain terms in the Settlement Agreement.

## 40. SUBSEQUENT EVENT

On 19 October 2017, a wholly-owned subsidiary of the Company, Seal Management Sdn. Bhd. (formerly known as Gem Board Sendirian Berhad) entered into a Tenancy Agreement with CIMB Islamic Trustee Berhad (as Trustee for and on behalf of AmanahRaya REIT) for the use of a shopping mall for a term of three years.

## SUPPLEMENTARY INFORMATION

- 30 JUNE 2017

### DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of retained profits of the Group and of the Company as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad and 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 are as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained profits of the Company and its subsidiaries:				
- Realised	<b>117,528,810</b>	109,279,409	<b>42,846,188</b>	35,499,441
- Unrealised	<b>6,712,689</b>	–	<b>128,889</b>	–
	<b>124,241,499</b>	109,279,409	<b>42,975,077</b>	35,499,441
Consolidation adjustments	<b>(12,838,935)</b>	1,028,516	–	–
Total retained profits as per statements of financial position	<b>111,402,564</b>	110,307,925	<b>42,975,077</b>	35,499,441

# LIST OF PROPERTIES

## - AS AT 30 JUNE 2017

Location of property	Date of Acquisition/ (Age of Building)	Area	Tenure	Description/ Existing Use	Carrying Amount (RM)
H.S.(M) 15224 to H.S.(M) 15233 Lot No. 20689 to Lot No. 20698 H.S.(M) 15234 to H.S.(M) 15238 Lot No. 20700 to Lot No. 20704 H.S.(M) 15249 to H.S.(M) 15267 Lot No. 20712 to Lot No. 20730 H.S.(M) 14590, Lot No. 20688 H.S.(M) 11782, Lot No. 20699 H.S.(M) 22243, Lot No. 20705 H.S.(M) 23415, Lot No. 20706 H.S.(M) 22004, Lot No. 20707 H.S.(M) 22248, Lot No. 20708 H.S.(M) 23261, Lot No. 20709 H.S.(M) 23264, Lot No. 20710 H.S.(M) 23265, Lot No. 20711 and H.S.(M) 16394, Lot No. 20906 Mukim Sungai Petani Kuala Muda, Kedah	23/09/1999	6,951.75 sq.metres	Leasehold expiring in 2092	Vacant land for development	5,046,182
H.S.(M) 15268 to H.S.(M) 15308 Lot No. 20731 to Lot No. 20771 Mukim Sungai Petani Kuala Muda, Kedah	23/09/1999	5,886.52 sq.metres	Leasehold expiring in 2092	Vacant land for development	4,417,828
G.M. 5823 to G.M. 5827 Lot No. 146 to Lot No. 150 G.M. 5811 to G.M. 5820 Lot No. 134 to Lot No. 143 and G.M. 5810, Lot No. 132 Mukim Kuah Langkawi, Kedah	11/10/1999	1,841.00 sq.metres	Freehold	Vacant land for development	1,890,331
G.M. 5828 to G.M. 5833 Lot No. 151 to Lot No. 156 Mukim Kuah Langkawi, Kedah	11/10/1999	666.00 sq.metres	Freehold	Vacant land for development	720,467
G.M. 5834, Lot No. 157 and G.M 5797 to G.M 5803 Lot No. 119 to Lot No. 125 Mukim Kuah Langkawi, Kedah	11/10/1999	940.00 sq.metres	Freehold	Vacant land for development	958,415
G.M 5796, Lot No. 117 Mukim Kuah Langkawi, Kedah	11/10/1999	4,324.00 sq.metres	Freehold	Vacant land for development	4,509,381

## LIST OF PROPERTIES

- AS AT 30 JUNE 2017 (CONT'D)

Location of property	Date of Acquisition/ (Age of Building)	Area	Tenure	Description/ Existing Use	Carrying Amount (RM)
<b>Subsidiary companies</b>					
Bayan City Jalan Mayang Pasir 3 11950 Bayan Baru, Penang	25/07/2013 & 15/03/2017	58 units	Freehold	Commercial & residential lot	51,876,912
H.S.(D) 122369 to H.S.(D) 122378 PT 99382 to PT 99391 Bandar Sungai Petani Kuala Muda, Kedah	19/01/2010	7,511.00 sq.metres	Freehold	Development	1,895,665
H.S.(D) 90454 PT 48857 Bandar Sungai Petani Kuala Muda, Kedah	05/03/2013	375,655.70 sq.metres	Freehold	Development	14,306,516
H.S.(D) 127766 PT 65140 Bandar Amanjaya Kuala Muda, Kedah	03/04/2013	35.55 hectare	Freehold	Investment	14,065,277
H.S.(M) 3903 to H.S.(M) 3920 PT 71836 to PT 71853 Mukim 12, Daerah Barat Daya Penang	27/06/2014	7,505.00 sq.metres	Freehold	Development	20,665,951
Lot No. 72020 Mukim 12, Daerah Barat Daya Penang	02/08/2017	2.91 hectare	Freehold	Development	55,032,288

## STATEMENT OF SHAREHOLDINGS

Total number of shares issued	: 237,056,184 (Excluding 5,896,500 Treasury Shares)
Class of Shares	: Ordinary shares
Voting Rights	: One vote per ordinary share

### BREAKDOWN OF SHAREHOLDINGS AS AT 29 SEPTEMBER 2017

Range of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Issued Capital
Less than 100	222	3.24	7,980	0.00
100 – 1,000	2,047	29.86	1,839,840	0.78
1,001 – 10,000	3,473	50.66	15,250,936	6.43
10,001 – 100,000	953	13.90	29,938,995	12.63
100,001 – 11,852,808*	156	2.28	125,642,233	53.00
11,852,809 and above**	4	0.06	64,376,200	27.16
<b>TOTAL</b>	<b>6,855</b>	<b>100.00</b>	<b>237,056,184</b>	<b>100.00</b>

Note : \* - Less than 5% of shares issued  
 \*\* - 5% and above of shares issued

### SUBSTANTIAL SHAREHOLDERS AS AT 29 SEPTEMBER 2017

According to the Register of Substantial Shareholders required to be kept under Section 144 of the Companies Act, 2016, the following are the substantial shareholders of the Company:

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No.	%	No.	%
Dato' Sri Koay Teng Choon	35,444,200	14.95	4,867,100	2.05
Kesan Anggun Sdn Bhd	20,000,000	8.44	–	–
Poly Dynamic Motion Sdn Bhd	13,364,200	5.64	–	–
Fang Pern Kok	–	–	28,125,300	11.86
Fang Siew Hong	–	–	20,000,000	8.44
Fang Siew Poh	2,432,800	1.03	20,000,000	8.44
Chuah Chong Ewe	1,075,000	0.45	13,364,200	5.64

### DIRECTORS' INTERESTS AS AT 29 SEPTEMBER 2017

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the Directors' interests in the ordinary share capital of the Company are as follows:

Name of Directors	Direct Interest		Deemed Interest	
	No.	%	No.	%
Dato' Sri Koay Teng Choon	35,444,200	14.95	4,867,100	2.05
Fang Siew Hong	–	–	20,000,000	8.44
Fang Pern Kok	–	–	28,125,300	11.86
Datuk Tan Hiang Joo	29,000	0.01	–	–

Other than as disclosed above, none of the other Directors have any interest in the shares of the Company and its related companies.

## LIST OF TOP 30 SHAREHOLDERS

- AS AT 29 SEPTEMBER 2017

	<b>Name</b>	<b>Shareholdings</b>	<b>Percentage</b>
1.	Affin Hwang Nominees (Tempatan) Sdn Bhd [HDM Capital Sdn Bhd for Kesan Anggun Sdn Bhd]	20,000,000	8.44
2.	Dato' Sri Koay Teng Choon	17,462,000	7.37
3.	Amsec Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Dato' Sri Koay Teng Choon]	13,550,000	5.72
4.	Poly Dynamic Motion Sdn Bhd	13,364,200	5.64
5.	Affin Hwang Nominees (Tempatan) Sdn Bhd [Southern Corporation (Nibong Tebal) Sdn Bhd for Tan Lee Sim]	11,700,000	4.94
6.	Maybank Securities Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Sierra Bonus Sdn Bhd]	9,615,417	4.06
7.	Song Kim Lee	7,650,000	3.23
8.	Maybank Securities Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Resolute Accomplishment Sdn. Bhd.]	5,660,300	2.39
9.	Song Phaik Gim	5,000,000	2.11
10.	Ooi Gim Chew	4,712,500	1.99
11.	Ooi Lai Hock	4,474,300	1.89
12.	Dato' Sri Koay Teng Choon	4,432,200	1.87
13.	Fang Siew Ling	3,982,500	1.68
14.	Lee Kim Poh	3,924,900	1.66
15.	Ong Beng Hooi	3,240,800	1.37
16.	Lim Pei Tiam @ Liam Ahat Kiat	3,232,300	1.36
17.	Koay Shean Loong	3,000,000	1.27
18.	See Lam Tean @ Tan-See Lam Tean	2,212,200	0.93
19.	Affin Hwang Nominees (Tempatan) Sdn Bhd [Southern Corporation (Nibong Tebal) Sdn Bhd For Yin Ching Woh]	2,090,000	0.88
20.	Hor Mei Seen	2,062,000	0.87
21.	Tee Ah Swee	2,019,700	0.85
22.	JF Apex Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Teow Wooi Huat]	1,946,000	0.82
23.	Fang Siew Poh	1,906,900	0.80
24.	Affin Hwang Nominees (Tempatan) Sdn Bhd [Southern Corporation (Nibong Tebal) Sdn Bhd For Wong Kok Hi Ong]	1,880,000	0.79
25.	Tan Guik Lan	1,867,100	0.79
26.	Ooi Goay Choo	1,710,000	0.72
27.	Phuah Lee Pieng	1,683,600	0.71
28.	Chai Mooi Chong	1,368,800	0.58
29.	Tee Ah Swee	1,197,400	0.51
30.	Chuah Chong Ewe	1,075,000	0.45
	<b>TOTAL</b>	<b>158,020,117</b>	<b>66.66</b>

No. of shares held	
CDS A/C No.	
Telephone No.	

# SEAL INCORPORATED BERHAD (4887-M)

Incorporated in Malaysia

## FORM OF PROXY

I/We \_\_\_\_\_ (FULL NAME IN BLOCK CAPITALS)

NRIC No./Company No. \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ (FULL ADDRESS) being a member of **Seal Incorporated Berhad** hereby appoint the following person(s):

Name of proxy & NRIC No.	No. of shares	%
1. _____	_____	_____
2. _____	_____	_____

or failing him/her

1. _____	_____	_____
2. _____	_____	_____

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Fifty-Fifth (55<sup>th</sup>) Annual General Meeting of the Company to be held on 7 December 2017 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Resolution No.	Ordinary Business	For	Against
1	The payment of Directors' Fees		
2	The re-election of Fang Pern Kok as Director		
3	The re-election of Datuk Tan Hiang Joo as Director		
4	The re-election of Yang Teramat Mulia Raja Kecil Tengah Perak Raja Dato' Seri Iskandar Bin Raja Ziran @ Raja Zaid as Director		
5	The re-appointment of Tuan Haji Abdul Hamid Bin Mohd Hassan as Director of the Company		
6	The re-appointment of Grant Thornton as Auditors and to authorise the Directors to fix their remuneration		
<b>Special Business</b>			
7	Authority to Allot and Issue Shares in General Pursuant to Section 75 of the Companies Act, 2016		
8	Proposed Renewal of Share Buy Back Authority		

Please indicate with (✓) or (X) 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.

Date:

\_\_\_\_\_  
Signature of Shareholder

### NOTES

Only members whose names appear on the Record of Depositors as at 23 November 2017 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.

A member (other than an exempt authorised nominee) entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies. A proxy may but need not be a member of the Company.

Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an 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 but the proportion of holdings to be represented by each proxy must be specified.

The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. If under the hand of attorney/authorised officer, the Power of Attorney or Letter of Authorisation must be attached.

The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55A Medan Ipoh 1A, Medan Ipoh Bestari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting. Faxed or emailed copies are not acceptable.

For verification purposes, members and proxies are required to produce their original identity card at the registration counter. No person will be allowed to register on behalf of another person even with the original identity card of that other person.

Personal Data Privacy - By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with the Personal Data Protection Act 2010. Further, you hereby warrant that relevant consent has been obtained by you for us to process any third party's personal data in accordance with the said Act.

fold

AFFIX  
80 sen  
STAMP  
(within Malaysia)

The Company Secretary  
**SEAL INCORPORATED BERHAD** (4887-M)  
55A Medan Ipoh 1A  
Medan Ipoh Bistari  
31400 Ipoh

fold



**SEAL** INCORPORATED BERHAD (4887-M)

55A Medan Ipoh 1A  
Medan Ipoh Bistari  
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