ANNUAL REPORT 2019

ADVANCE

TO GROW

SEAL
INCORPORATED BERHAD (4887-M)

CONTENTS

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
Senior 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
Datuk Tan Hiang Joo

Members
Fang Pern Kok
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
Tel No. : 05-5474833
Fax No. : 05-5474363

REGISTRARS

Boardroom Share Registrars Sdn. Bhd.
(formerly known as Symphony Share Registrars Sdn. Bhd.)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 03-78904700
Fax No. : 03-78904670

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

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
Bank Islam Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Seventh Annual General Meeting ("AGM") of Seal Incorporated Berhad ("SEAL") will be held at Olive Tree Hotel, Olive 6 & 7, Level 6, No. 76 Jalan Mahsuri, 11950 Bayan Lepas, Penang, Malaysia on Thursday, 5 December 2019 at 9.30 a.m. for the following purposes:

AGENDA

As ORDINARY BUSINESS:	**ORDINARY RESOLUTION**
1. To receive the Audited Financial Statements for the financial year ended 30 June 2019, together with the Directors' and Auditors' Reports thereon.	**(Please refer to Note 2)**
2. To approve payment of increased Directors' fees of RM192,000 in respect of the financial year ended 30 June 2019.	1
3. To re-elect the following Directors retiring pursuant to the Constitution of the Company:	
3.1 Tuan Haji Abdul Hamid Bin Mohd Hassan	2
3.2 Fang Siew Hong	3
4. To re-appoint Grant Thornton as Auditors of the Company for the financial year ending 30 June 2020 and to authorise the Directors to fix their remuneration.	4

As SPECIAL BUSINESS:

5. To consider and, if thought fit, pass the following resolutions:

5.1 Authority to Allot and Issue Shares in General Pursuant to Section 75 of the Companies Act, 2016 5

"That, subject to the Companies Act, 2016 and the Constitution 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 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 shares 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."

5.2 Proposed Renewal of Share Buy Back Authority 6

"That, subject to the Companies Act, 2016, the provisions of the Company's Constitution, 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:

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

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 2019, the Retained Profits of the Company is RM133,151,801.

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.

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 Constitution of the Company and the Main LR and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities."

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

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

FURTHER NOTICE IS HEREBY GIVEN THAT only members whose names appear on the Record of Depositors as at 29 November 2019 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
25 October 2019

NOTES:

1. PROXY

Only members whose names appear on the Record of Depositors as at 29 November 2019 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 must be 18 years and above and 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 Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting, either by hand, post, electronic mail or fax to (605)5474363.

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 2019

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 2019 under Resolution 1.

As part of its periodical review to ensure the Group remains competitive against its peers and with the heightened responsibilities and accountabilities required for Directors per current requirements under the Companies Act 2016, the Capital Markets & Services Act 2007 and the Malaysian Code on Corporate Governance, the Board at its meeting held on 4 October 2019 approved the Remuneration Committee's recommendation that the Directors' fees per annum (p.a.) be revised as follows:

Directors' Fees	2018 (RM)	2019 (RM)
Non-Executive Directors	42,000 p.a.	48,000 p.a.

4. RE-ELECTION OF DIRECTORS

Tuan Haji Abdul Hamid Bin Mohd Hassan and Fang Siew Hong retires in accordance with Article 101 of the Company's Constitution and being eligible, have offered themselves for re-election at this Fifty-Seventh 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 16 to page 19 of the Annual Report 2019.

5. 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 Fifty-Seventh AGM.

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

The Ordinary Resolution proposed under item 5.1 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 shares 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 2018. The Company did not utilise the mandate obtained at the last AGM and thus no proceeds were raised from the previous mandate.

7. PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY

The Ordinary Resolution proposed under item 5.2, if passed, will empower the Directors to purchase the Company's shares through Bursa Malaysia Securities Berhad up to 10% of the issued shares of the Company. Details of the Proposed Share Buy Back are contained in the Share Buy Back Statement dated 25 October 2019.

MANAGEMENT DISCUSSION & ANALYSIS

Group's Business and Operation Overview

Starting as a group involved in integrated timber industry, Seal Incorporated Berhad Group ("Seal" or "the Group") transformed 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, SEAL has made an entry into Cheras with a bang, as a turnkey contractor to Queensville mixed development project at Bandar Sri Permasuri which now is the talk of the town. It will not only alter Cheras's skyline and it will propel demographic changes and make Cheras a commercial hub. Our strategy is to provide the Group with opportunity to create greater economic value and increase the earnings potential of the Group over the medium to long term as the project has prospects for more up market development.

Financial Performance Review

For the financial year ended 30 June 2019, the Group recorded a revenue of RM100.2 million and profit before tax of RM28.0 million, a decrease of RM35.4 million revenue but an increase of RM9.6 million in profit before tax. Property development and construction generates about 68% of the Group's revenue while property management and property investment contributes about 21%.

The reduction in revenue is due to the lower recognition of sales under property construction segment and the absence of income from property development segment. The increase in profit before tax is mainly from construction work in Queensville (Phase 1) which generated approximately RM68.0 million to the Group's revenue.

Selayang Mall is one of the leading shopping malls in Northern Klang Valley. Due to the current depressing global economic condition, it suffers a decrease of RM0.7 million in revenue when compared with the last financial year 2018, caused by some rental reductions requested by tenants. However, the mall's management team is able to sustain a high occupancy rate throughout the financial year thus generating approximately RM18.7 million in revenue for the Group. Meanwhile, Elit Avenue commercial lots at Bayan City continue to increase in occupancy throughout the financial year bringing in RM2.6 million in revenue.

Market outlook

The Board expects the property market to remain sluggish during the second half of 2019, in spite of government-driven initiatives aimed at supporting market activities within the housing sector and the robust growth of the country's gross domestic product ("GDP") in the second quarter. However, there is a huge glut in the property market and there is a call to government to cease helping property developers (Utusan Malaysia 24 September 2019).

The Board also believes that in spite of anticipated robust growth in GDP along with lower borrowing cost, the increased rate of Real Property Gain Tax ("RPGT") (on disposal after five years) and the introduction of a 4% rate of stamp duty on transfers in excess of RM1 million will further dampen the property market. Still government incentive for first-time buyers of affordable homes offer a glimmer of hope for those developers of Perumahan Rakyat 1 Malaysia ("PR1MA") and affordable homes. We are not involved in this.

In any case whilst threading on these rough grounds caused by declining consumer spending and the overhang of completed projects and now the call to the government to stop helping property developers, the prospect of market recovery is hazy. We in the SEAL Group, however, will strive to remain sustainable by completing what have been committed, and by increasing efforts in sales and collection. We will proceed very cautiously with projects still on the drawing board.

Business prospects moving forward

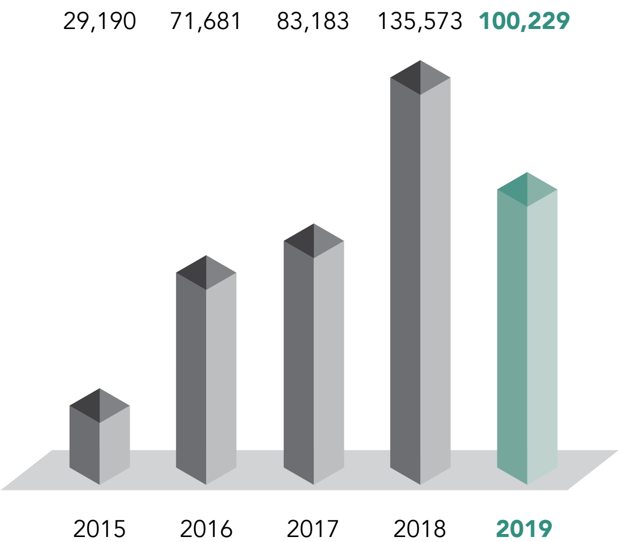
To the consumers, investing in property has been seen as one of the best methods of hedging against inflation. Hence, the Group believes that the demand for the higher value properties remain high, albeit with innovative designs, strategic location and competitive pricing.

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

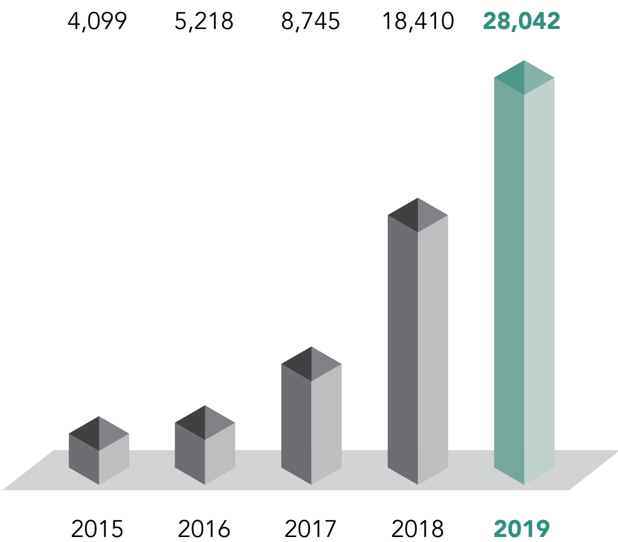
FINANCIAL HIGHLIGHTS

Year	2015	2016	2017	2018	2019
Revenue (RM'000)	29,190	71,681	83,183	135,573	100,229
Profit before taxation (RM'000)	4,099	5,218	8,745	18,410	28,042
Profit after taxation (RM'000)	(6,716)	2,837	824	14,318	19,844
Profit attributable to:					
owners of the parent (RM'000)	(5,523)	3,596	(9,037)	14,853	19,801
non-controlling interests (RM'000)	(1,193)	(759)	9,861	(536)	43
Total Assets (RM'000)	385,350	388,541	358,013	397,483	429,488
Shareholders' equity (RM'000)	237,640	241,198	252,219	266,868	286,669
Basic earning per share (sen)	(2.56)	1.67	(3.98)	6.27	8.35
Net assets per share (RM)	1.10	1.12	1.06	1.13	1.21

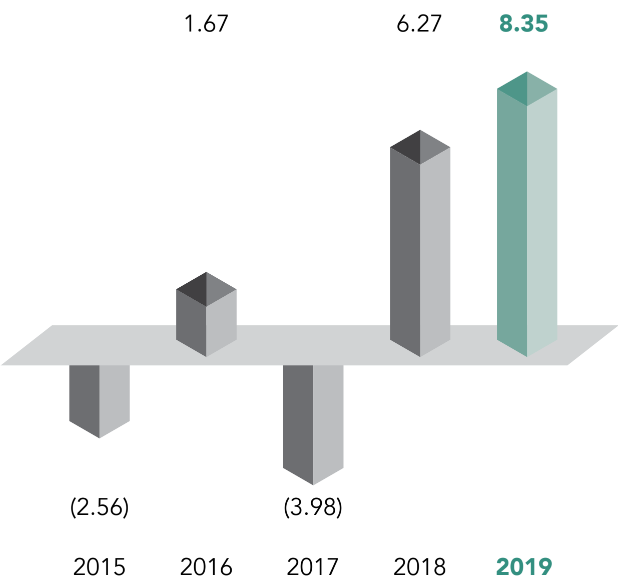
REVENUE (RM'000)



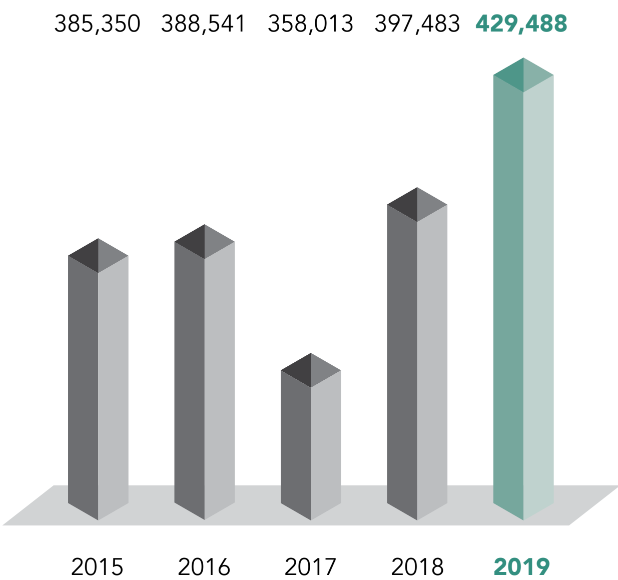
PROFIT BEFORE TAXATION (RM'000)



BASIC EARNING PER SHARE (SEN)



TOTAL ASSETS (RM'000)



SUSTAINABILITY STATEMENT

Narrative Statement

This sustainability statement is prepared in accordance with the Main Market Listing Requirements and guided by the Sustainability Reporting Guide and Toolkits as provided by Bursa Malaysia. Seal Incorporated Berhad ("SEAL") has disclosed their commitments under the three pillars of sustainable development, namely economic, environmental and social.

SEAL believes that sustainable corporate success requires the highest standard of corporate behaviour, including measuring up to the public expectations on economic, environmental and social responsibilities. By applying a good corporate governance framework, environmentally responsible practices and sound social policies, SEAL would be able to achieve long-term sustainable growth and enhance long-term value for its shareholders.

> *"SEAL believes that sustainable corporate success requires the highest standard of corporate behaviour, including measuring up to the public expectations on economic, environmental and social responsibilities."*

Governance Structure

In order to instil sustainability values throughout SEAL, a strong governance structure and risk management framework has to be in place. Therefore, sustainability is a formal part of our management structure. Our Sustainability Committee comprised key employees who report to the Executive Director. The Sustainability Committee will review and recommend all sustainability strategies, policies and other matters to the Board for approval.

The roles and responsibilities of the Sustainability Committee include overseeing the following: -

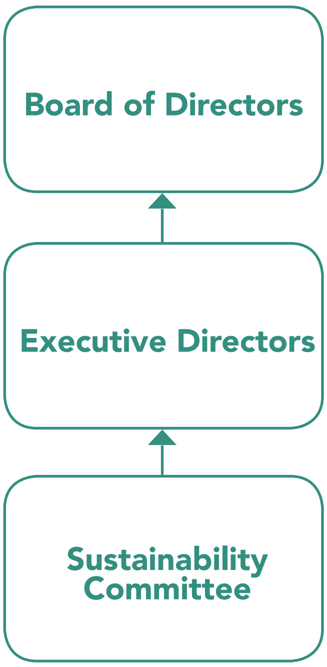


Figure 1: Governance Structure

- Stakeholder engagement process
  (e.g.: identification of key stakeholders and engagement with stakeholders);
- Materiality assessment
  (e.g.: identification of sustainability risk relevant to SEAL's business, risk/ opportunity assessment on sustainability risks, and identification of material sustainability risks);
- management of material sustainability matters identified; and
- preparation of sustainability disclosures

Our sustainability strategy is led by the Board of Directors, and is implemented and monitored within the following governance framework in Figure 1.

Material Sustainability Matters

Before engaging with stakeholders to conduct an assessment, SEAL had identified sustainability matters relating to economic, environmental and social factors that are deemed relevant to the SEAL's business. This process of streamlining the list of factors allow us to focus on more material issues. In identifying the sustainability issues, SEAL has considered amongst others, the following:

- The nature of business;
- Relevant laws and regulations;
- Stakeholders' needs;
- Industrial trends; and
- Peer reviews

Stakeholder Engagement

SEAL recognises the importance of its key stakeholders' views on sustainability matters, especially in the process of identifying what is deemed to be material to SEAL. In order to understand stakeholders' views and gain insights into the economic, environmental and social issues that matter to SEAL, SEAL has engaged with some of the key stakeholders to solicit their views. The following table summarises the key stakeholders of SEAL and how SEAL has engaged with them:

Key Stakeholder Groups	Engagement Method
Employees	Meetings Internal communications
Shareholders and Investors	Annual General Meeting
Customers	Customer feedbacks Site visits Business meetings
Contractors and Suppliers	Visits Supplier feedbacks
Government and Regulators	Feedback from regulatory bodies Site visits and inspections
Communities	Corporate Social Responsibility events

Material Assessment

The Group had identified and prioritized the key material sustainability matters through reviewing the Group's operations on the risk, impact and opportunity areas in economic, environmental and social aspects whether financial or non-financial by the management. There are three key aspects driving SEAL's efforts to operate in a sustainable manner. The material issues corresponding to these key aspects are depicted as follows:-

Aspects	Material Sustainability Issues
Economic	Providing job opportunities for local workers Corporate governance & compliance with regulatory authorities
Environmental	Waste management Pollution minimisation
Social	Employee Wellbeing Local community engagement

"SEAL recognises the importance of its key stakeholders' views on sustainability matters, especially in the process of identifying what is deemed to be material to SEAL."

MANAGING SUSTAINABILITY MATTERS

ECONOMIC

It is SEAL's primary concern to generate profit for its stakeholders. However, SEAL also closely considers how its business activities affect the economic conditions of the other stakeholders. As part of SEAL's responsibility towards economic sustainability, it strengthens the local economy through employment and compliance of regulatory authorities.

i) Providing job opportunities for local workers

Property development is a valuable economic engine in Malaysia that creates jobs, generates income and makes a critical contribution to the economy. It has a huge multiplier effect and is a significant driver of economic growth.

SEAL has provided employment opportunities to the local community. As of 30 June 2019, 100% of the staff are local. SEAL believes that creating job opportunities and income is crucial for development.

SEAL believes in investing and building Malaysian talents to drive growth for the organisation. SEAL has looked for the candidates who had the right skills and knowledge to meet the requirements of SEAL's various business divisions.

SEAL also believes that its employees are one of its greatest assets and they are the major contributors to boost the income of the Company. SEAL does advocates fair employment practices as it is committed to equal employment opportunities without discrimination in regard to gender, age, religion, race and ethnicity. SEAL will also not use forced labour, support the use of child labour or be involved in human trafficking.

> *SEAL also believes that its employees are one of its greatest assets and they are the major contributors to boost the income of the Company.*

ii) Corporate Governance & Compliance with regulatory authorities

SEAL aims to achieve business sustainability by combining measures to ensure long-term profitability and health growth through compliance with regulatory requirements, maintaining efficient product quality and customer management as well as prudent capital management.

SEAL ensures that ethical business practices are embedded in its daily operations via adoption of the Malaysian Code of Corporate Governance ("MCCG") Principles as well as implementation of specific Code of Conduct and Business Ethics listed in the Employee Handbook.

SEAL is committed to comply with all laws and regulations concerning:
1) Construction and development activities
2) Environment
3) Labour practices

By ensuring compliance with the regulatory requirements in these areas, we are able to operate smoothly and without disruption, assuring our stakeholders that we are committed to conduct our business the right way thus ensuring the sustainability of our business.

Internal systems and processes have been put in place to monitor our compliance with relevant laws and regulations. Additionally, we maintain close engagement with relevant authorities to ensure that we clearly understand our compliance obligations. There were no instances of non-compliance with the laws and regulations in financial year 2019.

ENVIRONMENTAL

Environmental responsibility is an important part of our commitment to sustainable development. We endeavor to comply with all environmental requirements related to our business. The environmental impact of SEAL's activities is assessed regularly and environmental sustainability is considered in its planning, construction and operations.

i) Waste Management

SEAL's proper waste management abides by the 3Rs of environmental protection: Reduce, Reuse and Recycle. We follow these principles to reduce the amount of waste. SEAL believes that emphasis should be placed on the conservation of the environment by minimizing waste and emission to combat the adverse impact on the environment due to the new developments in urban infrastructure. SEAL acknowledges that it is its responsibility for ensuring its operations are carried out in an environmentally responsible manner. It has identified some of the environmentally friendly initiatives and has used its resources to reduce its carbon footprint. In order to prevent wastage and to encourage environmentally friendly awareness among its employees, SEAL has adopted a green policy to educate its employees to adopt environmental-friendly approach towards daily operations. These practices have been put into practice by instilling recycling habit into employees. These practices include recycling paper, double-sided printing of documents to reduce paper usage and printing of documents that are transmitted through electronic communication channels only when necessary.

Apart from recycling policy, simple energy-saving methods were introduced to the employees, such as switching off non-essential equipment, lighting, electrical devices or air-conditioners when not in use. SEAL is using energy-efficient tools, equipment and machineries, where possible.

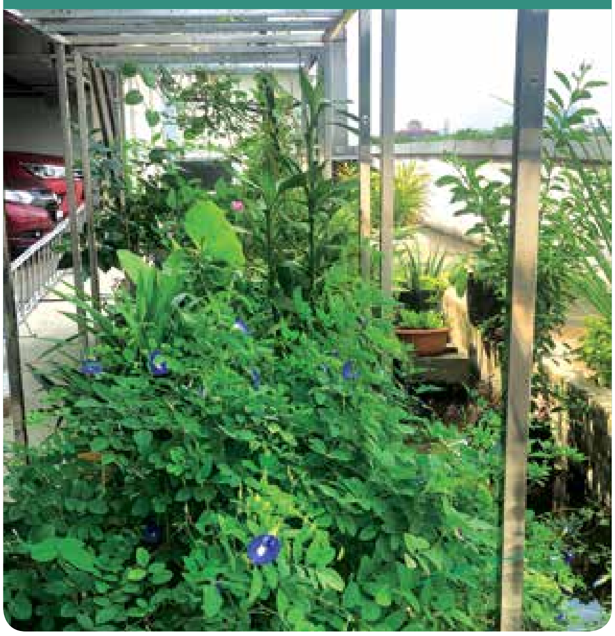
SEAL is also exercising water-saving habits and adopting good water conversation practices and recycle the water and harvest rainwater for irrigation and cleaning purposes.

ii) Pollution minimization

For our property development activities, ambient dust is generated during various phases of construction such as excavation, demolition, hacking, carpentry works, vehicles movement etc. We require our contractors to monitor and control the ambient dust generated in accordance to local environmental pollution control regulations.

Planting within cities is nowadays widely recognised as a way to improve air quality and reduce overall heat, but lack of space and overpriced land makes it difficult to increase the number of parks and natural space. This is when rooftop gardens come into the picture, and is the reason that our Selayang Mall staff decided to plant herbs & vegetable at their 4th-floor car park roof in order to beautify the area and at the same time to educate our staff and shoppers the importance of greening the environment.

Green roofs may also help reduce the distribution of dust in the air and the production of smog, which leads to decreasing greenhouse emissions in urban areas.



Besides the decorative benefit, roof plantings may provide foods, temperature control, hydrological benefits, architectural enhancement, habitats or corridors for wildlife and recreational opportunities. Rooftop gardens contribute to the reduction and filtering of polluted air particles and gases, not only through the plants and the photosynthesis process but also by deposition in the growing space. Green roofs may also help reduce the distribution of dust in the air and the production of smog, which leads to decreasing greenhouse emissions in urban areas.

Other than the above, the combination of soil and plants can also help to absorb, reflect, or deflect sound waves, providing the building with excellent noise reduction, particularly for low-frequency sounds. This could be greatly beneficial in decreasing noise pollution in busy cities or areas that are located near airports or underneath flight paths.

The Group shall continue to ensure our business activities are conducted in compliance with the applicable environmental rules and regulations and explore any feasible opportunities to minimize any adverse impact from our business activities to the environment.

SOCIAL

The Group is committed to being a responsible and caring organization. The Group Corporate Social Responsibilities ("CSR") activities consist of two aspects: (i) Employees and (ii) Community.

i) Employee Wellbeing

Employees are a vital component of a company's business. Their performance, commitment and loyalty to the job are critical not only in achieving the Company's goals and objectives but most importantly for its long-term survival and sustainability. SEAL is working hard to provide a secure and friendly workplace that fosters creativity. As a caring employer, we offer competitive compensation and benefits, generous health and insurance benefits, grant employees with annual leave and paid public holidays and support human capital development through various training and workshops.

We are constantly nurturing the skills and knowledge of our employees. SEAL continues to priorities training and development programs 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 the latest developments. Fostering a happy and harmonious workplace, SEAL provides opportunities for its employees to engage in activities that are recreational 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 such as annual dinner, company trips, team building, employees' birthday celebration as well as sports and recreational activities have been put in place.

ii) Local Community Enrichment

SEAL believes that fulfilling their dues to society should not solely involve the Company, but also from individuals as well. SEAL has always encouraged its management and staff to be involved in welfare work and charity, and SEAL is pleased that the spirit of giving is very much alive within the Group.

SEAL supports the various charitable organisations, schools and worthy causes via donation and sponsorships. With the aim to promote social welfare among the less fortunate, SEAL has visited and donated to Pertubuhan Hin Yin Seh, Guanyin World Foundation, Y.R.J.S Handicapped Children's Home, Penang and Pertubuhan Kebajikan Insan Kuala Lumpur.

As a socially responsible citizen of the business community, SEAL shall continue to adopt and apply the effective economic approach, environmentally responsible practices, sound social policies and good corporate governance framework with the objective of enhancing transparency in its corporate disclosure, strengthening its risk management framework and achieving long-term sustainable growth.

PROFILE OF DIRECTORS

TUAN HAJI ABDUL HAMID BIN MOHD HASSAN
Malaysian | Aged 81 | Male

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)

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

DATO' SRI KOAY TENG CHOON

Malaysian | Aged 56 | Male

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

Malaysian | Aged 43 | Female

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 the 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

Malaysian | Aged 67 | Male

Non-Independent Non-Executive Director
Chairman, Remuneration Committee
Member, Nominating Committee
Member, ESOS Committee

He was appointed to the Board on 3 October 2014 and appointed as Chairman of the Remuneration Committee and Nominating Committee on 24 November 2014. However, on 2 October 2018 he was re-designated from Chairman of Nominating Committee to member of the Nominating Committee. He has been a 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. Fang Pern Kok is also deemed connected to Kesan Anggun Sdn. Bhd., a substantial shareholder of the Company.

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

Malaysian I Aged 78 I Male

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.

In 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 in August 2016.

DATUK TAN HIANG JOO

Malaysian I Aged 56 I Male

Senior Independent Non-Executive Director
Member, Audit Committee
Member, Remuneration Committee
Chairman, 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 and a member of the Remuneration Committee on 30 November 2016. Subsequently, he was re-designated as Chairman of the Nominating Committee on 2 October 2018. On 4 October 2019, he was appointed as the Senior Independent Non-Executive Director of the Company.

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 Deputy President of Penang Chinese Chamber of Commerce. He is also a member of the Board of Governors of Han Chiang University 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

Malaysian I Aged 46 I Male

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 in the High Court of Malaya 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 has 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. He is currently the managing partner of Allen Chee Ram.

SENIOR MANAGEMENT TEAM

HONG TEIK GUAN
Malaysian | Aged 56 | Male
General Manager – Property Development Division

He 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 eight (28) 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
Malaysian | Aged 45 | Female
General Manager – Mall Management Division

She 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 twenty (20) 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
Malaysian | Aged 49 | Male
Assistant General Manager – Construction Division

He 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 twenty-one (21) 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.

TEH GUAT CHENG
Malaysian | Aged 44 | Female
Assistant General Manager – Finance and Account Division

She joined SEAL Group as Accountant in year 2005 and she is now the Assistant General Manager for Finance and Accounts division of the Group.

She graduated with a Certificate in Business Studies – London Chamber of Commerce and Industry International Qualification, UK from Institute Perkim-Goon, Malaysia.

She has more than twenty-one (21) years of experience in professional accountancy, auditing, taxation, management and planning. Prior to joining SEAL Group, she was attached to an established professional audit firm, namely Kiat & Associates, and Khoo Choon Keat & Associates.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

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.

The overview takes guidance from the key Corporate Governance ("CG") principles as set out in the Malaysian Code on Corporate Governance (the "Code" or "MCCG"). The Group will continue its efforts to evaluate its governance practices in response to the evolving best practices and the changing requirements. The Board is pleased to present this report on how the Company and the Group have applied the following three (3) principles as set out in the MCCG during the financial year:

- Principle A: Board Leadership and Effectiveness
- Principle B: Effective Audit and Risk Management
- Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Principal Responsibilities of the Board

The Group recognises the pivotal role played by the Board in the stewardship of its direction, operation and ultimately enhancement of long-term shareholders' value. Hence, the Board is primarily responsible for the overall governance of the Group with an active role in setting, leading the long-term direction, corporate strategy of the Group, crucial business issues such as principal risks, systems for internal control and compliance with relevant laws and regulations. The Board also monitors the decision and actions of the Executive Directors and the performance of the Group to gain assurance that progess is being made towards the corporate purpose within the limits imposed throughout the Group's governance assurance framework.

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.

The Board reviews the Board Charter as and when required to keep up to date with changes in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, other regulation and best practices and ensure its effectiveness and relevance to the Board's objective and make necessary amendments to ensure that it is in line with the needs of the Company and comply with the regulations.

In promoting good governance practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures, full details of which are made available on the Company's website:

- Code of Conduct
- Whistleblowing Policy
- Sustainability Policy

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition and Independence

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(1) of the Main Market Listing Requirements ("MMLR") by having a balanced composition of Executive and Non-Executive directors to ensure that no individual or small group of individuals could dominate the Board's decision making. The Independent Directors play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and decision-making process. Hence, they do not participate and are not involved in any other relationships with the Company which could materially interfere with the exercise of their independent judgements.

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

The Board has taken note of Principle 4.2 of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. However, the Company does not have term limits policy for independent directors but the Nominating Committee ("NC") annually assesses the independence of the Directors based on the criteria stipulated in paragraph 1.01 of the Listing Requirements. Thus, the Board must justify and seek annual Shareholders' approval in the event it retains the director as an Independent Director beyond nine (9) years. If the Board wishes to retain the Independent Director after the 12th year, the Board shall seek Shareholders' approval through a two-tier voting process.

The Board comprises members from diverse backgrounds ranging from accounting, finance, 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 through the Nominating Committee conducts an annual review of its size and composition from time to time to ensure its effectiveness and to determine if the Board has the right size and sufficient diversity with their ability to discharge their duties to achieve the Company's objectives and strategic goal.

Gender Diversity Policy

The Board has no immediate plan to implement a gender diversity policy or target as the Board views that any new appointment shall be based on the candidate's area of expertise, skills, educational background, gender, ethnicity as well as other factors that might provide a broader range of viewpoints and perspective. However, the Board endeavors to have at least one (1) female Director participating on the board at all times.

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 ranged from 43 to 81.

Foster Commitment

Paragraph 15.06 of MMLR provides that directors of listed company may not hold more than five (5) directorships in listed companies to ensure that they have sufficient time to discharge their duties and responsibilities. None of the Board members serve in more than five (5) listed companies.

Roles and Responsibilities of the Board

Pursuant to practice 1.3 of MCCG, 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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Roles and Responsibilities of the Board (Cont'd)

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 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.

Generally, the Chairman is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board, ensuring the Board carries out its responsibilities in the best interest of the Company and that all key issues are disclosed in a timely manner whilst 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 Board has identified Datuk Tan Hiang Joo as the Senior Independent Non-Executive Director to whom any concerns of shareholders and other stakeholders may be conveyed to.

Board meetings

The Board meets five (5) times a year on a scheduled basis with additional meetings convened as and when it is necessary. The meetings are scheduled in advance annually to enable the Directors to plan accordingly so that the Board meetings could meet their schedules.

A total of five (5) Board Meetings were held during the financial year. All Directors have fulfilled the 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 Attended
Tuan Haji Abdul Hamid Bin Mohd Hassan	4 out of 5
Dato' Sri Koay Teng Choon	5 out of 5
Fang Siew Hong	5 out of 5
Fang Pern Kok	4 out of 5
Yang Teramat Mulia Raja Kecil Tengah Perak Raja Dato' Seri Iskandar Bin Raja Ziran @ Raja Zaid	3 out of 5
Datuk Tan Hiang Joo	5 out of 5
Allen Chee Wai Hong	4 out of 5

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (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 members at least five (5) days prior to 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 expense, if required, in furtherance of their duties.

The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Boards' policies 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.

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-Appointment and Re-election of Directors

In accordance with the Company's Constitution, 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. The retiring director is eligible for re-election. All newly appointed directors will be subject to retirement at the next Annual General Meeting 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.

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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Training (cont'd)

All Directors receive updates from time to time, on relevant laws and regulations to enhance their business acumen and skills to meet the changing commercial challenges. The Directors have participated in conferences, seminars and training programmes and during the financial year ended 30 June 2019, the following training programmes and seminars were attended by the Directors:

a) Seminar on Sales & Service Tax (SST)
b) Recent Development on Tax Law Development, AMLA and LHDN Investigation and the Strata Management Act
c) 2019 Budget Seminar
d) Preparing for GST Transition to SST and an overview of new SST model
e) Allowed Financial Assistance & Benefits to Directors and Raising the Standards on Disclosure

Committees Established by the Board

The Board is assisted by the following Sub-Committees in the discharge of its duties and responsibilities:-

- Audit Committee
- Nominating Committee
- Remuneration Committee
- Executive Committee

Audit Committee

The Audit Committee was formed on 13 July 1994 and comprises exclusively of 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 Directors' selection process and appropriate structure for management development as well as to assess the performance of the Directors and Board Committees.

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

Members	
Datuk Tan Hiang Joo	Chairman, Senior Independent Non-Executive Director
Fang Pern Kok	Non-Independent Non-Executive Director
Allen Chee Wai Hong	Independent Non-Executive Director

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

- Review 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.
- Review the performance of the Nominating Committee and the Remuneration Committee.
- Review the performance of the Directors retiring at the next Annual General Meeting of the Company.
- Assesses the independence of the Independent Directors.
- Review the annual assessment of the effectiveness of the Board, Committees and Individual Directors with the following criteria used:

  <u>Board of Directors</u>
  i) Board roles and responsibilities
  ii) The Board and the Company Senior Management
  iii) Board Meetings and Facilities
  iv) Board Composition
  v) Board Committees

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Nominating Committee (cont'd)

The activities of the Nominating Committee during the financial year are as follows (cont'd):

- Review the annual assessment of the effectiveness of the Board, Committees and Individual Directors with the following criteria used (cont'd):

  Nominating Committee
  i) Terms of Reference
  ii) Meeting Administration
  iii) Meeting Conduct
  iv) Board Communication

  Remuneration Committee
  i) Terms of Reference
  ii) Meeting Administration
  iii) Meeting Conduct
  iv) Board Communication

  Audit Committee
  i) Committee and Governance Structure
    - Terms of Reference
    - Skills and Competencies
    - Meeting Administration
    - Meeting Conduct
    - Board Communication

  ii) Area of Focus
    - Management
    - Internal Audit
    - External Audit

  Individual Director
  i) Contribution to interaction
  ii) Quality of Skills
  iii) Understanding of role
  iv) Other attributes

The Nominating Committee upon its assessment carried out was satisfied that:

- the Independent Non-Executive Directors comply with the definition of Independent Non-Executive Directors as defined in the Listing Requirements;
- the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company, as none of them hold more than 5 directorships in public listed companies; and
- the results of the self-assessment by Directors and Board's effectiveness as a whole indicated that the performance of the Board, the Board Committees and the individual Directors during the review period had been good and therefore, they had been effective in their overall discharge of functions and duties.

Remuneration Committee

The Remuneration Committee is responsible inter alia recommending to the Board the remuneration framework for directors and senior management. 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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration Committee (cont'd)

The Remuneration Committee during the financial year comprised the following members:

Members	
Fang Pern Kok	Chairman, Non-Independent Non-Executive Director
Dato' Sri Koay Teng Choon	Executive Director
Fang Siew Hong	Executive Director
Datuk Tan Hiang Joo	Senior Independent Non-Executive Director
Allen Chee Wai Hong	Independent Non-Executive Director

The Remuneration Committee assessed the appropriateness of Directors' and senior management's remuneration on an annual basis, based on overall employment market conditions and the capacity of the Company's financial standing.

The Board has established a Remuneration Policy which facilitates the Remuneration Committee to review, consider and recommend to the Board for decision on the remuneration packages of the Executive Directors.

Directors' Remuneration

The Company's framework on Directors' remuneration has the underlying objectives of attracting and retaining Directors needed to manage the Group successfully. In the case of Executive Directors, their remuneration is linked to their level of responsibilities, experience and contribution to the Group performance. For the Non-Executive Directors, the level of remuneration reflects the expertise, experience, skills and level of responsibilities undertaken by them.

The details of the Directors and Senior Management remuneration for the financial year ended 30 June 2019 are as follows:-

Group	Executive Directors RM	Non-Executive Directors RM	Total RM
Fee	–	192,000	192,000
Salaries & EPF	770,880	–	770,880
Bonus	58,000	–	58,000
Benefits-in-kind	51,950	–	51,950
Total	880,830	192,000	1,072,830
Company			
Fee	–	192,000	192,000
Salaries & EPF	650,880	–	650,880
Bonus	48,000	–	48,000
Total	698,880	192,000	890,880

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Executive Directors' Remuneration

Group & Company

	Tuan Haji Abdul Hamid Bin Mohd Hassan			
RM	Salary & EPF	Bonus	Fee	Benefits in kind
Below 50,000		√		√
50,001 - 100,000				
100,001 - 150,000	√			
450,001 - 500,000				
500,001 - 550,000				

	Fang Siew Hong			
RM	Salary & EPF	Bonus	Fee	Benefits in kind
Below 50,000		√		√
50,001 - 100,000				
100,001 - 150,000				
450,001 - 500,000				
500,001 - 550,000	√			

	Dato' Sri Koay Teng Choon			
RM	Salary & EPF	Bonus	Fee	Benefits in kind
Below 50,000		√		
50,001 - 100,000				
100,001-150,000	√			
450,001 - 500,000				
500,001 - 550,000				

Non-Executive Directors' Remuneration

Group & Company

	Fang Pern Kok		Datuk Tan Hiang Joo		Chee Wai Hong		Yang Teramat Mulia Raja Kecil Tengah Perak Raja Dato' Seri Iskandar Bin Raja Ziran @ Raja Zaid	
RM	Fee	Allowance	Fee	Allowance	Fee	Allowance	Fee	Allowance
Below 50,000	√		√		√		√	

Senior Management Remuneration

	Number of Senior Management			
RM	Salary & EPF	Allowances	Bonus and Incentive	Benefits-in-kind
Below RM50,000		4	4	4
RM100,001-RM150,000	2			
RM250,001-RM300,000	2			

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Risk Management and Internal Control Framework

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.

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

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 the 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 non-audit services rendered by them.

Being satisfied with the external auditors' 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.

A statement by the Directors on their responsibilities in preparing the financial statements is set out in this Annual Report.

Relationship with Auditors

The Board has established a formal and transparent arrangement to meet the external auditors' professional requirements. The external auditors have continued to highlight to the Audit Committee and Board of Directors matters that require the Board's attention. The Audit Committee will have a private session with the external auditors without the presence of any executive of the Group at least twice a year. Liaison and unrestricted communication exist between the Audit Committee and the external auditors. The Audit Committee obtains reasonable assurance on the effectiveness of the internal control system through annual independent appraisal by the external auditors. The external auditors are invited to attend the Company's Annual General Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

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 announcements and disclosure include release of quarterly financial results and circulars to shareholders. The regularly updated information pertinent to the Group can be obtained from the Company's website at www.sib.com.my. The Group's website provides an avenue for the latest information dissemination to the shareholders and public, with dedicated sections on corporate information and investors' relations including financial information, announcements, financial highlights and corporate governance.

Conduct of General Meetings

The Annual General Meeting ("AGM") remain as the principal forum for dialogue and communication with shareholders. The shareholders are encouraged to attend each AGM. In line with good Corporate Governance practice, the notice of meetings is sent to the shareholders at least 28 days before the meeting.

The Board views the AGM as an ideal opportunity 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.

Poll Voting

In line with the Main Market listing Requirements of Bursa Malaysia Securities Berhad, poll voting shall be conducted for all resolutions as set out in the notice of Annual General Meeting.

COMPLIANCE WITH THE CODE

The Group has complied with the Principles of Corporate Governance as contained in the Code except for the following exception that, in the opinion of the Directors, adequately suit the circumstances:

- Practice 4.1 (At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors);
- Practice 4.5 (The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors);
- Practice 7.2 (The board discloses on a named basis the top four senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000);
- Practice 12.3 (Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–
  - including voting in absentia; and
  - remote shareholders' participation at General Meetings).

The explanation for departure is further disclosed in the Corporate Governance Report.

This statement is prepared in compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements and it is to be read together with the CG Report which is available on the Company's website, www.sib.com.my.

This CG Overview Statement was approved by the Board of Directors of Seal Incorporated Berhad on 4 October 2019.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, 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; and
- prepared the financial statements on a going concern basis.

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

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company for the prevention and detection of fraud and other irregularities.

STATEMENT ON
RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance 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 quarterly basis or earlier as appropriate, the internal auditors report to the Audit Committee on areas for improvement.

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.

INTERNAL AUDIT (CONT'D)

A total of 2 internal control reviews were conducted by BDO Governance Advisory Sdn. Bhd. for the financial year of 30 June 2019. The details of the said review can be delineated as follows:-

Internal Audit Visits	Audit Period	Audited Areas
First Visit in April 2019	October 2018 - March 2019	• Sales and Marketing • Fixed Asset Management
Second Visit in July 2019	January 2019 – June 2019	• Project Management

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 2019 Annual Report. This Statement is reviewed in accordance with Audit and Assurance Practice Guide 3 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 date of this Statement. Taking this assurance into consideration, the Board is of the view that there were 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 2019. 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 11 October 2019.

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 2019, there are five (5) audit committee meetings held and the details of the attendance of each member of the committee are tabulated below:

Name of Members		Number of Meetings Attended
Allen Chee Wai Hong	Chairman, Independent Non-Executive Director	4 out of 5
Datuk Tan Hiang Joo	Senior Independent Non-Executive Director	5 out of 5
Yang Teramat Mulia Raja Kecil Tengah Perak Raja Dato' Seri Iskandar Bin Raja Ziran @Raja Zaid	Independent Non-Executive Director	3 out of 5

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:

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 applicable accounting standards;

Internal Audit

- reviewed and approved internal audit plan for the financial year 2019 including its scope, basis of assessments and risks ratings of the proposed areas of audit to assess the adequacy and effectiveness of internal control;
- 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;
- carried out an annual review of performance of the Internal Audit Function including assessment of their suitability and independence in performing their obligations by completing a formal evaluation form.

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 two private discussions with the external auditors without the presence of management and executive board members on 29 August 2018 and 27 May 2019, 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 27 May 2019 on the scope of work and audit plan of the Group for the financial year ended 30 June 2019, 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 re-appointment.

Annual Report

- reviewed and recommended the Statement on Risk Management and Internal Control and recommended to the Board for approval and inclusion in the Annual Report; and
- presented the Audit Committee Report to the Board for approval and inclusion in the Annual Report.

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:

	Group RM	**Company RM**
Audit Fees	104,500	35,000
Non-Audit Fees	3,000	3,000

Status of Utilisation of Proceeds

There were no proceeds raised from corporate proposals during the financial year.

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 2019

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 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of property investment, building contractor, project manager for property development and extraction and sale of timber.

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

	GROUP RM	COMPANY RM
Profit after tax for the financial year	19,844,269	64,942,635
Attributable to:		
Owners of the Company	19,801,442	64,942,635
Non-controlling interests	42,827	–
	19,844,269	64,942,635

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

During the financial year, the Company did not issue any share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

TREASURY SHARES

During the financial year, the Company did not repurchase any of its issued ordinary shares from the open market.

As at 30 June 2019, 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 2019, no options were granted.

The salient features of the ESOS are disclosed in Note 37 to the financial statements.

DIRECTORS

The Directors who served since the beginning of the financial year up to the date of this 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
Datuk Tan Hiang Joo
Chee Wai Hong

Director of a subsidiary:

Nik Mohd Kamal Bin Nik Mahmud

* also director of subsidiaries

DIRECTORS' INTERESTS IN SHARES

According to the register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the direct interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) are as follows:

	Number of ordinary shares			
	Balance at 1.7.2018	Bought	Sold	Balance at 30.6.2019
The Company				
Direct Interest:				
Dato' Sri Koay Teng Choon	35,444,200	–	–	35,444,200
Datuk Tan Hiang Joo	29,000	–	–	29,000
Deemed Interest:				
[1] Dato' Sri Koay Teng Choon	4,867,100	–	–	4,867,100
[2] Fang Siew Hong	20,000,000	–	–	20,000,000
[3] Fang Pern Kok	29,970,400	1,260,000	–	31,230,400

Note:
[1] Deemed interested by virtue of shares held by immediate family members of the directors.
[2] Deemed interested by virtue of shares held by a company in which the director has interest.
[3] Deemed interested by virtue of shares held by immediate family members and a company in which the director has interest.

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' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the directors of the Group and of the Company are as follows:

	COMPANY RM	SUBSIDIARIES RM	GROUP RM
Fees	192,000	-	192,000
Salaries and allowances	624,000	130,000	754,000
Defined contribution plan	74,880	-	74,880
Benefits in-kind	-	51,950	51,950
	890,880	181,950	1,072,830

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.

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 disclosed above) 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 as disclosed in the notes to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity coverage to or insurance premium paid for directors and officers of the Group and of the Company during the financial year.

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, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, or

(iv) that 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, or

(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 their obligations as and when they fall due,

(ii) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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.

EVENT AFTER THE REPORTING PERIOD

The event after the reporting period is disclosed in Note 39 to the financial statements.

AUDITORS

The total amount of fees 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 2019 are disclosed in Note 28 to the financial statements.

There was no indemnity given to or insurance effected for the auditors of the Company.

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors:

Tuan Haji Abdul Hamid Bin Mohd Hassan	**Fang Siew Hong**

Penang,

Date: 11 October 2019

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

In the opinion of the directors, the financial statements set out on pages 47 to 125 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors:

Tuan Haji Abdul Hamid Bin Mohd Hassan	**Fang Siew Hong**

Date: 11 October 2019

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 47 to 125 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 **11th**)
day of **October 2019.**)

Fang Siew Hong
(I/C No. 761005-07-5586)

Before me,

Liew Juan Leng (P162)
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 2019 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 47 to 125.

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 2019, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International 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 Matters	How our audit addressed the Key Audit Matters
Assessment of impairment of trade and other receivables (Note 9 and 11 to the financial statements)	
The Group has significant trade and other receivables as at 30 June 2019 and these are subject to credit risk exposure. We focus on these areas 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.	Our audit procedures in relation to management's impairment assessment included: • Obtaining an understanding of: - the Group's control over the customers collection process; - how the Group identifies and assesses the impairment of trade and other receivables; and - how the Group makes the accounting estimates for impairment. • Reviewing the aging analysis of trade and other receivables and testing the reliability thereof. • Evaluating the techniques and methodology applied for the expected credit loss approach against the requirement of MFRS 9. • Reviewing subsequent collections for major trade and other receivables and overdue amounts. • Making inquiries of management regarding the action plans to recover overdue balances. • Examining other evidence including customer correspondences.
Assessment of impairment of timber concessions (Note 8 to the financial statements)	
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 concessions, management would make significant estimation about future results and their profitability together with the assumptions underlying these.	Our audit procedures in relation to the management's impairment assessment included: • Evaluating the assumptions and methodologies used by the Group and by the Company for the profit forecast and projected cash flows. • Enquiring management to obtain an understanding of the likelihood of the Group and the Company generating revenue from their timber activity. • 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 current and previous years. • Assessing the appropriateness of the discount rate used to determine the present value of the cash flows.

Key audit matters (cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matters
Revenue recognition for construction contracts (Note 25 to the financial statements)	
During the financial year, the Group recognises revenue from its construction activity based on input method, totalling RM68 million. The input on its construction project was measured by reference to the stage of completion of the contract activity at the end of the reporting period. 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.	Our audit procedures in relation to the recognition of construction revenue include: • Evaluating the effectiveness of management's controls over the estimation of total costs and assessing the reasonableness of key inputs in the cost estimation. • Inspecting documentation to support cost estimates made. • Testing the appropriateness of estimated costs by comparing these against actual costs incurred. • Recomputing the revenue and costs recognised for the current financial year based on the input method and traced these to the accounting records. • Considering the adequacy of the Group's disclosures in respect of revenue from construction contracts.

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.

Responsibilities of the Directors 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 Malaysian Financial Reporting Standards, International 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.

- 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 Matters

1. As stated in Note 2.1 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards ("MFRS") on 1 July 2018 with a transition date of 1 July 2017. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 30 June 2018 and 1 July 2017, statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 30 June 2018 and related disclosure. We were not engaged to report on the MFRS transition comparative information, and it is unaudited. Our responsibilities as part of our audit of financial statements of the Group and the Company for the financial year ended 30 June 2019, have in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2018 do not contain misstatements that materially affect their financial position as at 30 June 2019, financial performance and cash flows for the financial year then ended.

2. 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	**Hooi Kok Mun**
No. AF: 0042	**No. 02207/01/2020 (J)**
Chartered Accountants	**Chartered Accountant**

Penang

Date: 11 October 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTE	GROUP 30.6.2019 RM	Restated 30.6.2018 RM	Restated 1.7.2017 RM
ASSETS				
Non-current assets				
Property, plant and equipment	4	**1,684,368**	2,172,004	2,094,335
Investment properties	5	**80,270,429**	54,767,820	67,610,009
Inventories	6	**95,016,670**	94,956,878	72,574,893
Timber concessions	8	**10,798,931**	11,314,218	11,896,731
		187,770,398	163,210,920	154,175,968
Current assets				
Inventories	6	**28,461,088**	28,047,526	51,876,939
Trade receivables	9	**88,705,961**	69,986,858	57,071,279
Contract assets	10	**1,985,609**	–	–
Other receivables	11	**74,299,407**	63,793,211	77,497,019
Current tax assets		**604,949**	4,316,460	1,379,207
Other investments	13	**18,506,434**	21,444,214	811,370
Deposits with licensed banks	14	**20,999,488**	24,367,582	7,330,460
Cash and bank balances	15	**8,154,678**	8,250,629	7,870,919
		241,717,614	220,206,480	203,837,193
Non-current assets held for sale	16	**–**	14,065,277	–
		241,717,614	234,271,757	203,837,193
TOTAL ASSETS		**429,488,012**	397,482,677	358,013,161
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	17	**142,629,537**	142,629,537	142,629,537
Treasury shares	18	**(2,165,586)**	(2,165,586)	(2,165,586)
Reserves	19	**352,940**	352,940	352,940
Retained profits	20	**145,852,514**	126,051,072	111,402,564
		286,669,405	266,867,963	252,219,455
Non-controlling interests		**5,928,357**	5,885,530	6,776,419
Total equity		**292,597,762**	272,753,493	258,995,874
Non-current liabilities				
Borrowings	21	**45,098,222**	23,264,070	24,312,133
Deferred tax liabilities	22	**511,142**	483,142	390,142
		45,609,364	23,747,212	24,702,275
Current liabilities				
Contract liabilities	10	**–**	6,034,957	3,295,467
Trade payables	23	**21,189,210**	28,041,013	16,134,571
Other payables	24	**30,060,780**	30,212,806	24,104,723
Borrowings	21	**39,359,645**	35,718,982	29,262,483
Current tax liabilities		**671,251**	974,214	1,517,768
		91,280,886	100,981,972	74,315,012
Total liabilities		**136,890,250**	124,729,184	99,017,287
TOTAL EQUITY AND LIABILITIES		**429,488,012**	397,482,677	358,013,161

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 30 JUNE 2019

	NOTE	COMPANY 30.6.2019 RM	Restated 30.6.2018 RM	Restated 1.7.2017 RM
ASSETS				
Non-current assets				
Property, plant and equipment	4	**44,846**	144,902	160,215
Investment properties	5	**1,630,000**	1,630,000	1,630,000
Inventories	6	**17,599,245**	17,570,925	17,542,605
Investment in subsidiaries	7	**25,744,339**	40,574,390	44,274,390
Timber concessions	8	**2,194,244**	2,194,244	2,194,244
		47,212,674	62,114,461	65,801,454
Current assets				
Trade receivables	9	**–**	–	96,557
Other receivables	11	**165,847**	167,934	183,599
Amount due from subsidiaries	12	**221,486,742**	167,107,875	153,087,725
Current tax assets		**–**	–	28,000
Other investments	13	**4,456,801**	1,000,000	–
Deposits with licensed banks	14	**–**	3,561,528	396,414
Cash and bank balances	15	**3,780,727**	2,969,849	583,220
		229,890,117	174,807,186	154,375,515
TOTAL ASSETS		**277,102,791**	236,921,647	220,176,969
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	17	**142,629,537**	142,629,537	142,629,537
Treasury shares	18	**(2,165,586)**	(2,165,586)	(2,165,586)
Reserves	19	**352,940**	352,940	352,940
Retained profits	20	**133,151,801**	68,209,166	42,975,077
Total equity		**273,968,692**	209,026,057	183,791,968
Non-current liabilities				
Deferred tax liabilities	22	**6,784**	6,784	6,784
Current liabilities				
Trade payables	23	**2,444**	2,444	12,567
Other payables	24	**314,610**	342,177	434,949
Amount due to subsidiaries	12	**2,372,177**	27,435,685	35,930,701
Current tax liabilities		**438,084**	108,500	–
		3,127,315	27,888,806	36,378,217
Total liabilities		**3,134,099**	27,895,590	36,385,001
TOTAL EQUITY AND LIABILITIES		**277,102,791**	236,921,647	220,176,969

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		GROUP		COMPANY	
		2019	2018	**2019**	2018
	NOTE	**RM**	RM	**RM**	RM
Revenue	25	**100,229,340**	135,573,021	**62,598,409**	27,216,686
Direct operating costs	26	**(76,929,304)**	(108,150,242)	**–**	–
Gross profit		**23,300,036**	27,422,779	**62,598,409**	27,216,686
Other income	27	**21,141,807**	7,407,151	**6,452,045**	4,931,804
Administrative expenses		**(15,056,617)**	(15,085,410)	**(2,441,676)**	(5,203,255)
Operating profit		**29,385,226**	19,744,520	**66,608,778**	26,945,235
Finance costs		**(1,343,466)**	(1,334,656)	**(483,536)**	(986,171)
Profit before tax	28	**28,041,760**	18,409,864	**66,125,242**	25,959,064
Tax expense	29	**(8,197,491)**	(4,092,165)	**(1,182,607)**	(724,975)
Net profit, representing total comprehensive income for the financial year		**19,844,269**	14,317,699	**64,942,635**	25,234,089
Profit/(Loss) attributable to:					
Owners of the Company		**19,801,442**	14,853,344	**64,942,635**	25,234,089
Non-controlling interests		**42,827**	(535,645)	**–**	–
		19,844,269	14,317,699	**64,942,635**	25,234,089
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		**19,801,442**	14,853,344	**64,942,635**	25,234,089
Non-controlling interests		**42,827**	(535,645)	**–**	–
		19,844,269	14,317,699	**64,942,635**	25,234,089
Earnings per share attributable to owners of the Company (sen)					
- Basic	30	**8.35**	6.27		
- Diluted	30	**–**	–		

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	← Attributable to owners of the Company →						
	← Non-Distributable	→		← Distributable →			
	Share Capital	**Treasury Shares**	**Reserves**	**Retained Profits**	**Total**	**Non-controlling Interests**	**Total Equity**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
30.6.2019							
Balance at 1.7.2018	**142,629,537**	**(2,165,586)**	**352,940**	**126,051,072**	**266,867,963**	**5,885,530**	**272,753,493**
Total comprehensive income for the financial year	**–**	**–**	**–**	**19,801,442**	**19,801,442**	**42,827**	**19,844,269**
Balance at 30.6.2019	**142,629,537**	**(2,165,586)**	**352,940**	**145,852,514**	**286,669,405**	**5,928,357**	**292,597,762**
30.6.2018							
Balance at 1.7.2017	142,629,537	(2,165,586)	352,940	111,402,564	252,219,455	6,776,419	258,995,874
Total comprehensive income for the financial year	–	–	–	14,853,344	14,853,344	(535,645)	14,317,699
Transactions with owners:							
Dividends paid to non- controlling interests of subsidiaries	–	–	–	–	–	(560,000)	(560,000)
Acquisition of equity interests of subsidiaries from non-controlling interests	–	–	–	(204,836)	(204,836)	204,756	(80)
Total transactions with owners of the Company	–	–	–	(204,836)	(204,836)	(355,244)	(560,080)
Balance at 30.6.2018	142,629,537	(2,165,586)	352,940	126,051,072	266,867,963	5,885,530	272,753,493

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		← Non-Distributable	→	← Distributable →	
	Share Capital	**Treasury Shares**	**Reserves**	**Retained Profits**	**Total Equity**
	RM	**RM**	**RM**	**RM**	**RM**
30.6.2019					
Balance at 1.7.2018	**142,629,537**	**(2,165,586)**	**352,940**	**68,209,166**	**209,026,057**
Total comprehensive income for the financial year	**–**	**–**	**–**	**64,942,635**	**64,942,635**
Balance at 30.6.2019	**142,629,537**	**(2,165,586)**	**352,940**	**133,151,801**	**273,968,692**
30.6.2018					
Balance at 1.7.2017	142,629,537	(2,165,586)	352,940	42,975,077	183,791,968
Total comprehensive income for the financial year	–	–	–	25,234,089	25,234,089
Balance 30.6.2018	142,629,537	(2,165,586)	352,940	68,209,166	209,026,057

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	GROUP		COMPANY	
		Restated		Restated
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**28,041,760**	18,409,864	**66,125,242**	25,959,064
Adjustments for:				
Bad debts	**–**	6,387	**–**	–
Depreciation	**612,422**	535,609	**100,054**	15,313
Dividend income from subsidiary	**–**	–	**(62,598,409)**	(27,200,000)
Dividend income from investment in unit trusts	**(924,871)**	(244,998)	**(198,107)**	–
Fair value changes on investment properties	**(1,014,131)**	(1,223,088)	**–**	–
Gain on disposal of non-current assets held for sale	**(12,966,937)**	–	**–**	–
Impairment loss on amount due from subsidiary	**–**	–	**400,444**	–
Impairment loss on investment in a subsidiary	**–**	–	**230,051**	3,700,000
Impairment loss on receivables	**84,684**	277,839	**–**	–
Interest expense	**1,343,466**	1,334,656	**483,536**	986,171
Interest income	**(1,402,895)**	(1,478,578)	**(6,194,065)**	(4,791,795)
Property, plant and equipment written off	**13,020**	9,889	**2**	–
Timber concession cost recognised	**515,287**	582,513	**–**	–
Operating profit/(loss) before working capital changes	**14,301,805**	18,210,093	**(1,651,252)**	(1,331,247)
Changes in contract assets/liabilities	**(8,020,566)**	2,739,490	**–**	–
(Increase)/Decrease in inventories	**(473,354)**	1,447,428	**(28,320)**	(28,320)
(Increase)/Decrease in receivables	**(29,309,983)**	504,003	**2,087**	112,222
(Decrease)/Increase in payables	**(923,615)**	18,014,525	**(27,567)**	(102,895)
Cash generated (used in)/from operations	**(24,425,713)**	40,915,539	**(1,705,052)**	(1,350,240)
Income tax paid	**(7,360,048)**	(7,826,419)	**(853,023)**	(588,475)
Income tax refunded	**2,599,105**	346,447	**–**	–
Interest received	**370,860**	–	**–**	–
Interest paid	**(1,343,466)**	(1,334,656)	**(29,727)**	(93,869)
Net cash (used in)/from operating activities carried forward	**(30,159,262)**	32,100,911	**(2,587,802)**	(2,032,584)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		GROUP		COMPANY	
			Restated		Restated
		2019	2018	**2019**	2018
	NOTE	**RM**	RM	**RM**	RM
Net cash (used in)/from operating activities brought forward		**(30,159,262)**	32,100,911	**(2,587,802)**	(2,032,584)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of equity interests in subsidiaries from non-controlling interests		**–**	(80)	**–**	–
Dividends received		**924,871**	244,998	**62,796,516**	27,200,000
Interest received		**1,004,750**	1,417,573	**256,292**	317,538
Redemption of preference shares from investment in subsidiaries		**–**	–	**14,600,000**	–
Net change in subsidiaries' balances		**–**	–	**(74,358,855)**	(18,933,211)
Proceeds from disposal of non-current assets held for sale		**20,952,000**	–	**–**	–
Purchase of investment properties		**(24,488,478)**	–	**–**	–
Proceeds from redemption of unit trusts		**45,097,031**	40,660,000	**–**	–
Purchase of unit trusts		**(42,159,251)**	(61,292,844)	**(3,456,801)**	(1,000,000)
Purchase of property, plant and equipment	A	**(27,806)**	(273,167)	**–**	–
Net cash from/(used in) investing activities		**1,303,117**	(19,243,520)	**(162,848)**	7,584,327
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to non-controlling interests of subsidiaries		**–**	(560,000)	**–**	–
Drawdown of commodity financing		**9,068,815**	–	**–**	–
Drawdown of term loans		**23,201,100**	–	**–**	–
Interest received		**27,285**	61,005	**–**	–
(Repayment)/Drawdown of factoring		**(5,405,466)**	9,501,742	**–**	–
Repayment of term loans		**(1,119,665)**	(3,882,264)	**–**	–
Repayment of finance lease liabilities		**(278,421)**	(274,894)	**–**	–
Placement of fixed deposit with licensed banks		**(1,609,067)**	(1,966,320)	**–**	–
Withdrawal of fixed deposits		**664,438**	396,414	**–**	396,414
Net cash from financing activities		**24,549,019**	3,275,683	**–**	396,414
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(4,307,126)**	16,133,074	**(2,750,650)**	5,948,157
CASH AND CASH EQUIVALENTS AT BEGINNING		**19,713,069**	3,579,995	**6,531,377**	583,220
CASH AND CASH EQUIVALENTS AT END	B	**15,405,943**	19,713,069	**3,780,727**	6,531,377

The accompanying notes form an integral part of these financial statements.

	GROUP		COMPANY	
		Restated		Restated
	2019	2018	**2019**	2018
NOTES	**RM**	RM	**RM**	RM
A. *Purchase of property, plant and equipment*				
Total acquisition cost	**137,806**	623,167	**–**	–
Acquisition under finance lease	**(110,000)**	(350,000)	**–**	–
Total cash acquisition	**27,806**	273,167	**–**	–
B. *Cash and cash equivalents*				
Deposits with licensed banks	**20,999,488**	24,367,582	**–**	3,561,528
Cash and bank balances	**8,154,678**	8,250,629	**3,780,727**	2,969,849
Bank overdraft	**(9,529,244)**	(9,630,792)	**–**	–
	19,624,922	22,987,419	**3,780,727**	6,531,377
Less: Deposits pledged with licensed banks	**(4,218,979)**	(3,274,350)	**–**	–
	15,405,943	19,713,069	**3,780,727**	6,531,377

The accompanying notes form an integral part of these financial statements.

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 11 October 2019.

Principal Activities

The principal activities of the Company consist of property investment, building contractor, project manager for property development and extraction and sale of timber.

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 First-time Adoption of Malaysian Financial Reporting Standards ("MFRS")

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRS") issued by Malaysian Accounting Standards Board ("MASB").

This is the Group's and the Company's first financial statements prepared in accordance with MFRS and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

The explanations and financial impacts on transition to MFRS are disclosed in Note 38 to the financial statements.

2.2 Statement of Compliance

The financial statements of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

2.3 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.

2. BASIS OF PREPARATION (CONT'D)

2.3 Basis of Measurement (cont'd)

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.

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.

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

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

2.4 Functional and Presentation Currency

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

2.5 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Company:

Effective for annual periods beginning on or after 1 January 2019
MFRS 16 Leases
Amendments to MFRS 9 Financial Instruments: Prepayment Features with Negative Compensation
Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
IC Interpretation 23 Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective (cont'd)

Effective for annual periods beginning on or after 1 January 2020
Amendments to MFRS 3 Business Combinations
Amendments to MFRS 101 Presentation of Financial Statements
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to References to Conceptual Framework in MFRS Standards

Effective for annual periods beginning on or after 1 January 2021
MFRS 17 Insurance Contracts

Effective date yet to be confirmed
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards, amendments and interpretation are not expected to have any material financial impacts to the financial statements of the Group and of the Company upon adoption except as mentioned below:

MFRS 16 Leases

MFRS 16 was issued in January 2016 and it replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MRFS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

The Group and the Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. The Group and the Company have leases of certain machinery that are considered of low value.

For lease contracts which lease terms ends more than 12 months as of the date of initial application, the Group and the Company have performed a detailed impact assessment of MFRS 16. In summary, the impact of MFRS 16 adoption is expected to be as follows:

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective (cont'd)

MFRS 16 Leases (cont'd)

Impacts on the Group's statement of financial position as at 1 July 2019:

	Increase/ (Decrease) RM
ASSET	
Property, plant and equipment (right-of-use assets)	51,150,018
LIABILITY	
Lease liabilities	53,445,206
EQUITY	
Retained profits	(2,295,188)
	51,150,018

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.

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)

(ii) Provision for expected credit loss ("ECL") of receivables

The Group uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the property development sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(iii) Property development activities and construction contracts

As revenue from ongoing property development activities and construction contracts are recognised over time, the amount of revenue recognised at the reporting date depends on the extent to which the performance obligation has been satisfied. This is done by determining the stage of completion. The stage of completion is determined by the proportion that property development or contract costs incurred for work performed to date bear to the estimated total property development or contract costs.

Significant judgement is required in determining the stage of completion, the extent of the property development and contract costs incurred, the estimated total revenue and total costs and the recoverability of the development project and contract cost. In making these judgements, management relies on past experience and, if necessary, the work of specialists.

(iv) Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The Group's core business is subject to economical changes which may cause selling prices to change rapidly and the Group's net profit to change.

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.

(v) 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 qualified 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.

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)

(vi) 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.

(vii) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

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 from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of Consolidation (cont'd)

(ii) Business combination (cont'd)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Investment property under construction is stated at cost until the construction is complete or when its fair value becomes reliably determinable. Any gains or losses arising from the difference between the fair value of the investment property and its previous carrying amount is to be recognised in profit or loss.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

Finance lease (cont'd)

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 Inventories

Inventories comprise land held for development, property development costs, completed development properties held for sale and timber logs.

Inventories are valued at the lower of cost and net realisable value.

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

3.5.1 Land held for development

Land held for property development is defined as land on which development is not expected to be completed within the normal operating cycle. Usually, no significant development work would have been undertaken on these land. Accordingly, land held for development are classified as non-current assets on the statement of financial position and are stated at cost plus incidental expenditure incurred to put the land in a condition ready for development.

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs.

3.5.2 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Inventories (cont'd)

3.5.2 Property development costs (cont'd)

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.

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 contract assets and the excess of billings to purchasers over revenue recognised in profit or loss is classified as contract liabilities.

3.5.3 Completed development properties

Inventories of completed development 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, construction, development costs and appropriate overheads. Net realisable value represents the estimated selling price in the ordinary course of business less any estimated costs necessary to make the sale.

3.6 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.

3.7 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 of 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment of Non-Financial Assets (cont'd)

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.

3.8 Financial Instruments

3.8.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group or the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

3.8.2 Classification and subsequent measurement of financial assets

Accounting policies applied from 1 July 2018:

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with MFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
- amortised cost
- fair value through profit or loss ("FVTPL")
- fair value through other comprehensive income ("FVOCI")

The classification is determined by both:
- the entity's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

In the periods presented, the Group and the Company do not have any financial assets categorised as FVOCI.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of receivables which is presented within other expenses.

(a) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial Instruments (cont'd)

3.8.2 Classification and subsequent measurement of financial assets (cont'd)

Accounting policies applied from 1 July 2018 (cont'd):

(a) Financial assets at amortised cost (cont'd)

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Group's and the Company's trade and other receivables, amount due from subsidiaries, deposits with licensed banks and cash and bank balances fall into this category of financial instruments under MFRS 9.

(b) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Accounting policies applied until 30 June 2018:

(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) 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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial Instruments (cont'd)

3.8.3 Financial assets - impairment

Accounting policies applied from 1 July 2018:

MFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss ("ECL") model'. This replaces FRS 139's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under MFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group or the Company first identifying a credit loss event. Instead the Group and the Company consider a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Accounting policies applied until 30 June 2018:

All financial assets 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial Instruments (cont'd)

3.8.3 Financial assets - impairment (cont'd)

Accounting policies applied until 30 June 2018 (cont'd):

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.

3.8.4 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 currently a legally enforceable 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.

3.8.5 Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under MFRS 9 compared to MFRS 139, the Group's and the Company's financial liabilities were not impacted by the adoption of MFRS 9. However, for completeness, the accounting policy is disclosed below.

At the reporting date, the Group and the Company carry only financial liabilities measured at amortised cost on their statements of financial position.

The Group's and the Company's financial liabilities comprise trade payables, other payables and accruals and amount due to subsidiaries.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group or the Company have designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

3.8.6 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 if 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 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 and net of fixed deposit pledged.

3.10 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.

3.11 Revenue From Contracts with Customers

3.11.1 Revenue recognition

According to MFRS 15, revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

The adoption of MFRS 15 is a change in accounting policy for revenue recognition but did not results in any financial impact on the profit or loss of the Group and the Company due to the revenue recognition principles and delivery terms applied by the Group and the Company remain generally unchanged as compared to previous year.

Revenue of the Group and of the Company are measured on the following basis:

(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 3.5.2.

Revenue from sale of completed development properties is recognised upon the finalisation of sale and purchase agreements and upon the delivery of properties where the risks and rewards of the ownership and control of the properties have been transferred to the buyer.

(ii) Construction contract revenue

Revenue from construction contracts is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's and the Company's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the contract costs incurred to date as a percentage of the estimated total construction costs of the contract, i.e. the stage of completion).

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Revenue From Contracts with Customers (cont'd)

3.11.1 Revenue recognition (cont'd)

(ii) Construction contract revenue (cont'd)

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 costs incurred on construction contracts plus recognised profits (less recognised losses), exceeds progress billing, the balance is classified as contract assets. When progress billings exceeds costs incurred plus recognised profits (less recognised losses), the balance is classified as contract liabilities.

(iii) Sale of goods

Revenue is recognised at a point in time when control of the goods is transferred to the customer, generally on the delivery of the goods.

(iv) Provision of services

Revenue arising from provision of services is recognised at a point in time upon the services rendered and completed.

(v) Rental income

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

(vi) Interest income

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

(vii) Dividend income

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

3.11.2 Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group and the Company perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company transfer goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group and the Company perform under the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 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.

3.13 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.

3.14 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Goods and Services Tax ("GST") and Sales and Service Tax ("SST")

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 statement of financial position.

The Finance Ministry has zero rated the GST effective from 1 June 2018. The government has replaced the GST with SST which came into effect on 1 September 2018. The rate for service tax is fixed at 6%.

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of sales tax included.

  The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.16 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.

3.17 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Share Capital 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.

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.

3.19 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.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Leasehold shoplot RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
30.6.2019					
At cost					
Balance at 1.7.2018	**347,614**	**91,740**	**1,380,562**	**2,978,670**	**4,798,586**
Additions	**–**	**–**	**14,700**	**123,106**	**137,806**
Written off	**–**	**–**	**(22,301)**	**(363,008)**	**(385,309)**
Balance at 30.6.2019	**347,614**	**91,740**	**1,372,961**	**2,738,768**	**4,551,083**
Accumulated depreciation					
Balance at 1.7.2018	**41,124**	**6,999**	**719,072**	**1,859,387**	**2,626,582**
Current charge	**5,892**	**84,739**	**154,698**	**367,093**	**612,422**
Written off	**–**	**–**	**(9,283)**	**(363,006)**	**(372,289)**
Balance at 30.6.2019	**47,016**	**91,738**	**864,487**	**1,863,474**	**2,866,715**
Carrying amount at 30.6.2019	**300,598**	**2**	**508,474**	**875,294**	**1,684,368**
30.6.2018					
At cost					
Balance at 1.7.2017	347,614	91,740	1,317,912	2,439,952	4,197,218
Additions	–	–	84,449	538,718	623,167
Written off	–	–	(21,799)	–	(21,799)
Balance at 30.6.2018	347,614	91,740	1,380,562	2,978,670	4,798,586
Accumulated depreciation					
Balance at 1.7.2017	35,233	6,999	576,626	1,484,025	2,102,883
Current charge	5,891	–	154,356	375,362	535,609
Written off	–	–	(11,910)	–	(11,910)
Balance at 30.6.2018	41,124	6,999	719,072	1,859,387	2,626,582
Carrying amount at 30.6.2018	306,490	84,741	661,490	1,119,283	2,172,004
Carrying amount at 1.7.2017	312,381	84,741	741,286	955,927	2,094,335

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

COMPANY

	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
30.6.2019				
At cost				
Balance at 1.7.2018	**84,740**	**120,395**	**379,388**	**584,523**
Written off	**–**	**–**	**(363,008)**	**(363,008)**
Balance at 30.6.2019	**84,740**	**120,395**	**16,380**	**221,515**
Accumulated depreciation				
Balance at 1.7.2018	**–**	**71,699**	**367,922**	**439,621**
Current charge	**84,739**	**12,039**	**3,276**	**100,054**
Written off	**–**	**–**	**(363,006)**	**(363,006)**
Balance at 30.6.2019	**84,739**	**83,738**	**8,192**	**176,669**
Carrying amount at 30.6.2019	**1**	**36,657**	**8,188**	**44,846**
30.6.2018				
At cost				
Balance at 1.7.2017/30.6.2018	84,740	120,395	379,388	584,523
Accumulated depreciation				
Balance at 1.7.2017	–	59,660	364,648	424,308
Current charge	–	12,039	3,274	15,313
Balance at 30.6.2018	–	71,699	367,922	439,621
Carrying amount at 30.6.2018	84,740	48,696	11,466	144,902
Carrying amount at 1.7.2017	84,740	60,735	14,740	160,215

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

GROUP

The carrying amount of motor vehicles acquired under finance lease is **RM867,100** (30.6.2018: RM1,107,815 and 1.7.2017: RM941,185). The leased assets are pledged as securities for the related finance lease liabilities (Note 21).

5. INVESTMENT PROPERTIES

		GROUP	
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
At fair value:			
Balance at beginning	**54,767,820**	67,610,009	51,948,566
Additions	**1,365,869**	–	–
Reclassified from inventories	**–**	–	8,558,612
Reclassified to non-current asset held for sale (Note 16)	**–**	(14,065,277)	–
Gain from fair value adjustment	**1,014,131**	1,223,088	7,102,831
Balance at end	**57,147,820**	54,767,820	67,610,009
At cost:			
Additions/Balance at end	**23,122,609**	–	–
	80,270,429	54,767,820	67,610,009

		COMPANY	
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
At fair value:			
Balance at beginning	**1,630,000**	1,630,000	1,494,327
Gain from fair value adjustment	**–**	–	135,673
Balance at end	**1,630,000**	1,630,000	1,630,000

The investment properties consist of the following:

		GROUP	
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Freehold land	**320,000**	320,000	14,385,277
Freehold shoplots	**56,790,000**	54,410,000	53,186,912
Leasehold building	**37,820**	37,820	37,820
Work-in-progress:			
- Freehold office lots	**19,028,099**	–	–
- Freehold shoplots	**4,094,510**	–	–
	23,122,609	–	–
	80,270,429	54,767,820	67,610,009

5. INVESTMENT PROPERTIES (CONT'D)

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Freehold land	**320,000**	320,000	320,000
Freehold shoplots	**1,310,000**	1,310,000	1,310,000
	1,630,000	1,630,000	1,630,000

(i) The carrying amount of the Group's investment properties which are pledged as security for banking facilities granted to a subsidiary is **RM54,932,609** (30.6.2018: RM29,680,000 and 1.7.2017: RM28,370,000).

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

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Rental income	**2,551,739**	2,219,226	1,866,307
Direct operating expenses of investment properties:			
- income generating	**151,442**	183,602	140,854
- non-income generating	**65,816**	22,315	435,466

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Direct operating expenses of investment properties:			
- non-income generating	**4,847**	5,018	5,275

(iii) Fair value measurement of the investment properties are disclosed in Note 35.1 to the financial statements.

6. INVENTORIES

		GROUP		
		30.6.2019	30.6.2018	1.7.2017
	Note	**RM**	RM	RM
Non-current:				
Land held for development	6.1	**95,016,670**	94,956,878	72,574,893
Current:				
Property development costs	6.2	**17,160,616**	16,681,584	36,868,132
Completed development properties	6.3	**11,300,472**	11,300,470	15,008,807
Timber logs		**–**	65,472	–
		28,461,088	28,047,526	51,876,939
		123,477,758	123,004,404	124,451,832

6. INVENTORIES (CONT'D)

		COMPANY		
		30.6.2019	30.6.2018	1.7.2017
		RM	RM	RM
Non-current:				
Land held for development	6.1	**17,599,245**	17,570,925	17,542,605

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Cost of inventories recognised in profit or loss:			
Inventories recognised as cost of sales	**1,271,890**	1,161,926	–

6.1 Land held for development

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Land, at cost			
Balance at beginning	**94,446,008**	72,092,343	17,060,055
Reclassified from property development costs	**–**	–	55,032,288
Additions	**31,472**	22,353,665	–
Balance at end	**94,477,480**	94,446,008	72,092,343
Property development costs			
Balance at beginning	**510,870**	482,550	454,230
Additions	**28,320**	28,320	28,320
Balance at end	**539,190**	510,870	482,550
	95,016,670	94,956,878	72,574,893

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Represented by:			
Freehold land	**85,337,855**	85,306,383	62,952,718
Leasehold land	**9,139,625**	9,139,625	9,139,625
Property development costs	**539,190**	510,870	482,550
	95,016,670	94,956,878	72,574,893

6. INVENTORIES (CONT'D)

6.1 Land held for development (cont'd)

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Land, at cost			
Balance at beginning/at end	**17,060,055**	17,060,055	17,060,055
Property development costs			
Balance at beginning	**510,870**	482,550	454,230
Additions	**28,320**	28,320	28,320
Balance at end	**539,190**	510,870	482,550
	17,599,245	17,570,925	17,542,605
Represented by:			
Freehold land	**7,920,430**	7,920,430	7,920,430
Leasehold land	**9,139,625**	9,139,625	9,139,625
Property development costs	**539,190**	510,870	482,550
	17,599,245	17,570,925	17,542,605

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 and its subsidiaries is **RM17,060,055** (30.6.2018: RM17,060,055 and 1.7.2017: RM17,060,055).

6.2 Property development costs

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Balance at beginning			
Freehold land, at cost	**13,337,260**	32,594,130	102,968,290
Development costs	**3,344,324**	4,274,002	5,171,544
	16,681,584	36,868,132	108,139,834
Costs incurred during the financial year			
Freehold land, at cost	**–**	–	18,995,226
Development costs	**479,032**	584,828	1,108,730
	479,032	584,828	20,103,956
* Reimbursement by the Landowner	**–**	–	(34,337,098)
Reclassification to land held for development	**–**	–	(55,032,288)
Property development costs written off	**–**	–	(2,006,272)
Balance carried forward	**17,160,616**	37,452,960	36,868,132

6. INVENTORIES (CONT'D)

6.2 Property development costs (cont'd)

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Balance brought forward	**17,160,616**	37,452,960	36,868,132
Costs recognised in profit or loss during the financial year	**–**	(20,771,376)	–
Balance at end	**17,160,616**	16,681,584	36,868,132
Represented by:			
Freehold land	**13,337,260**	13,337,260	32,594,130
Development costs	**3,823,356**	3,344,324	4,274,002
	17,160,616	16,681,584	36,868,132

(i) Freehold land of **RM13,337,260** (30.6.2018: RM13,337,260 and 1.7.2017: RM32,594,130) is charged to a bank for banking facilities granted to a subsidiary.

(ii) Included in property development costs incurred is borrowing costs of **RM Nil** (30.6.2018: RM Nil; 1.7.2017: RM299,977).

* On 28 November 2012, Seal Concepts Sdn. Bhd. ("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:

(a) Cash payment of RM86,248,800; and
(b) Construction of one block of commercial building for the Landowner.

Subsequently, SCSB and the Landowner have entered into the Supplementary cum Novation Agreement. This amount was in relation to the reimbursement of consideration sum from the Landowner back to SCSB pursuant to the Agreement which has been settled in previous financial years.

6.3 Completed development properties

Included herein are completed development properties amounting to **RM7,016,101** (30.6.2018: RM7,018,849 and 1.7.2017: RM7,018,849) which are charged to a licensed bank as securities for banking facilities granted to certain subsidiaries.

7. INVESTMENT IN SUBSIDIARIES

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Unquoted shares, at cost	**32,502,784**	47,102,784	47,102,784
Less: Allowance for impairment	**(7,474,432)**	(7,244,381)	(3,544,381)
	25,028,352	39,858,403	43,558,403
Unquoted shares, at valuation	**11,234,545**	11,234,545	11,234,545
Less: Allowance for impairment	**(10,518,558)**	(10,518,558)	(10,518,558)
	715,987	715,987	715,987
	25,744,339	40,574,390	44,274,390

The movement of impairment losses during the financial year is as follows:

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
At beginning of financial year	**7,244,381**	3,544,381	3,544,381
Recognised during the financial year	**230,051**	3,700,000	–
At end of financial year	**7,474,432**	7,244,381	3,544,381

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

	Effective Equity Interest			
Name of Subsidiary	**30.6.2019**	30.6.2018	1.7.2017	**Principal Activities**
	%	%	%	
Direct subsidiaries				
Great Eastern Mills Berhad	**78**	78	78	Dormant.
Sam Koh Company Sdn. Berhad	**100**	100	100	Extraction and sale of timber. However, the Company did not undertake any activity during the financial year.
Seal Ventures Sdn. Bhd.	**100**	100	100	Property development.
Seal Trading Corporation Sdn. Bhd.	**100**	100	100	Trading of timber.
Seal Properties (KL) Sdn. Bhd.	**100**	100	100	Turnkey, project and construction manager for property development.
SM Management Sdn. Bhd.	**100**	100	100	Providing administrative services.
Seal Land Sdn. Bhd.	**100**	100	100	Property development.
Seal Properties Sdn. Bhd.	**100**	100	100	Property investment and property development.

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Effective Equity Interest 30.6.2019 %	30.6.2018 %	1.7.2017 %	Principal Activities
Direct subsidiaries (cont'd)				
Seal Place Sdn. Bhd.	**100**	100	100	Letting of properties, advertisement billboard, car park and event space.
Seal City Sdn. Bhd.	**100**	100	100	Property investment.
Seal Properties (SP) Sdn. Bhd.	**100**	100	100	Property development.
Ardentige Marketing Sdn. Bhd.	**100**	100	100	Provision of marketing services.
Utmost Construction Sdn. Bhd.	**100**	100	100	Dormant.
Seal Properties (PG) Sdn. Bhd.	**100**	100	100	Property development.
Seal Mall (KL) Sdn. Bhd.	**100**	100	100	Dormant.
Seal Management Sdn. Bhd.	**100**	100	100	Property management.
Indirect - held through Seal Properties Sdn. Bhd.				
Seal Lifestyle Development Sdn. Bhd.	**100**	100	100	Property development.
Seal Concepts Sdn. Bhd.	**91**	91	51	Property development.
Seal Properties (Bayan City) Sdn Bhd	**51**	51	51	Property development.
Capitol Property Management Sdn. Bhd. (formerly known as Seal Mall Sdn. Bhd.)	**91**	91	51	Providing property management services. *
Indirect - held through Seal Properties (KL) Sdn. Bhd.				
Great Eastern Mills Berhad	**14**	14	14	Dormant.
Indirect - held through Seal Properties (PG) Sdn. Bhd.				
Seal Properties (Bayan City) Sdn. Bhd.	**9**	9	9	Property development.
Seal Concepts Sdn. Bhd.	**9**	9	9	Property development.
Capitol Property Management Sdn. Bhd. (formerly known as Seal Mall Sdn. Bhd.)	**9**	9	9	Providing property management services. *

* The respective subsidiary has changed its principal activity from commercial trading to providing management services during the financial year. However, the subsidiary did not undertake any business during the financial year.

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

30.6.2019

During the financial year, the cost of investment decreased by RM14,600,000 due to the redemption of preferences shares in Seal City Sdn. Bhd. at RM1.00 per preference share on 27 September 2018.

30.6.2018

In the prior financial year, Seal Properties Sdn. Bhd., the wholly-owned subsidiary of the Company has acquired 40% equity interest each in Seal Concepts Sdn. Bhd. and Seal Mall Sdn. Bhd. comprising of 40 ordinary shares respectively for a total cash consideration of RM80. Following that, Seal Concepts Sdn. Bhd. and Seal Mall Sdn. Bhd. became the indirect wholly-owned subsidiaries of the Company.

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		
	30.6.2019	30.6.2018	1.7.2017
	%	%	%
Seal Properties (Bayan City) Sdn. Bhd. ("SPBC")	**40**	40	40
Seal Concepts Sdn. Bhd. ("SCSB")	**–**	–	40

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
30.6.2019	
As at 30 June 2019	
Total assets	**14,718,278**
Total liabilities	**(26,117)**
Net assets	**14,692,161**
Year ended 30 June 2019	
Revenue	**–**
Other income	**305,889**
Net profit, representing total comprehensive income	**107,775**
Year ended 30 June 2019	
Net cash generated from/(used in):	
Operating activities	**2,573,318**
Investing activities	**(1,983,293)**
Financing activities	**139,129**
Net change in cash and cash equivalents	**729,154**
Dividends paid to NCI	**–**

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Subsidiaries with material non-controlling interests (cont'd)

	SPBC
	RM
30.6.2018	
As at 30 June 2018	
Total assets	14,687,885
Total liabilities	(103,499)
Net assets	14,584,386
Year ended 30 June 2018	
Revenue	–
Other income	191,210
Net loss, representing total comprehensive loss	(224,923)
Year ended 30 June 2018	
Net cash generated from/(used in):	
Operating activities	1,055,013
Investing activities	(5,882,434)
Financing activities	2,429,562
Net change in cash and cash equivalents	(2,397,859)
Dividends paid to NCI	–

	SCSB	SPBC	Total
	RM	RM	RM
1.7.2017			
As at 30 June 2017			
Total assets	72,838,624	14,973,523	87,812,147
Total liabilities	(70,815,361)	(164,214)	(70,979,575)
Net assets	2,023,263	14,809,309	16,832,572
Year ended 30 June 2017			
Revenue	–	37,193,583	37,193,583
Other income	16,390,951	3,108,949	19,499,900
Net profit, representing total comprehensive income	9,084,016	15,541,917	24,625,933
Year ended 30 June 2017			
Net cash generated from/(used in):			
Operating activities	13,496,904	6,981,971	20,478,875
Investing activities	–	10,437,669	10,437,669
Financing activities	(12,486,096)	(56,019,782)	(68,505,878)
Net change in cash and cash equivalents	1,010,808	(38,600,142)	(37,589,334)
Dividends paid to NCI	1,400,000	54,922,004	56,322,004

8. TIMBER CONCESSIONS

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
At cost:			
Balance at beginning	**16,178,628**	16,761,141	16,761,141
Costs recognised in profit or loss	**(515,287)**	(582,513)	–
	15,663,341	16,178,628	16,761,141
Less: Accumulated impairment loss	**(4,864,410)**	(4,864,410)	(4,864,410)
Balance at end	**10,798,931**	11,314,218	11,896,731

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
At cost:			
Balance at beginning	**7,058,654**	7,058,654	7,058,654
Less: Accumulated impairment loss	**(4,864,410)**	(4,864,410)	(4,864,410)
Balance at end	**2,194,244**	2,194,244	2,194,244

9. TRADE RECEIVABLES

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Trade receivables	**96,703,608**	77,899,821	64,706,403
Less: Impairment losses			
Balance at beginning	**7,912,963**	7,635,124	7,635,124
Current year	**84,684**	277,839	–
Balance at end	**(7,997,647)**	(7,912,963)	(7,635,124)
	88,705,961	69,986,858	57,071,279

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Trade receivables	**135,124**	135,124	231,681
Less: Impairment losses			
Balance at beginning/end	**(135,124)**	(135,124)	(135,124)
	–	–	96,557

9. TRADE RECEIVABLES (CONT'D)

Included in the Group's trade receivable is retention sum of **RM9,968,186** (30.6.2018: RM11,547,496 and 1.7.2017: RM5,857,954).

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 development 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** (30.6.2018: 14 to 21 days and 1.7.2017: 14 to 21 days) from the date of the progress billings.

(i) Construction : Credit term is **30 days** (30.6.2018: 30 days and 1.7.2017: 30 days) from the date of the progress billings.

(i) Timber : Credit term is **Nil** (30.6.2018: 30 days; 1.7.2017: Nil).

(i) Others : Credit term ranges from **7 to 90 days** (30.6.2018: 7 to 90 days and 1.7.2017: 7 to 90 days).

10. CONTRACT ASSETS/(LIABILITIES)

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Construction contracts			
Construction contract costs incurred to date	**216,484,046**	154,753,015	81,972,902
Attributable profits	**8,682,997**	4,326,795	2,298,306
	225,167,043	159,079,810	84,271,208
Progress billings	**(224,638,457)**	(165,114,767)	(87,566,675)
	528,586	(6,034,957)	(3,295,467)
Project management fee			
Revenue recognised during the year	**1,890,134**	–	–
Invoice amount billed during the year	**(433,111)**	–	–
	1,457,023	–	–
	1,985,609	(6,034,957)	(3,295,467)
Represented by:			
Contract assets	**1,985,609**	–	–
Contract liabilities	**–**	(6,034,957)	(3,295,467)

11. OTHER RECEIVABLES

		GROUP	
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
* Other receivables			
Total amount	**68,398,513**	56,263,376	49,436,437
Less: Allowance for impairment	**(769,849)**	(769,849)	(769,849)
	67,628,664	55,493,527	48,666,588
# Stakeholders' sum	**5,447,000**	5,967,000	26,300,927
GST claimable	**184,459**	270,366	1,410,074
	73,260,123	61,730,893	76,377,589
Deposits			
Total amount	**1,016,713**	1,008,593	1,033,934
Less: Allowance for impairment	**(446,714)**	(446,714)	(446,714)
	569,999	561,879	587,220
Prepayments			
Total amount	**15,386,625**	16,417,779	15,449,550
Less: Allowance for impairment	**(14,917,340)**	(14,917,340)	(14,917,340)
	469,285	1,500,439	532,210
	74,299,407	63,793,211	77,497,019

		COMPANY	
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Other receivables			
Total amount	**769,849**	769,849	769,849
Less: Allowance for impairment	**(769,849)**	(769,849)	(769,849)
	–	–	–
GST claimable	**3,924**	5,729	15,380
	3,924	5,729	15,380
Deposits	**880**	1,254	7,194
Prepayments			
Total amount	**15,078,383**	15,078,291	15,078,365
Less: Allowance for impairment	**(14,917,340)**	(14,917,340)	(14,917,340)
	161,043	160,951	161,025
	165,847	167,934	183,599

11. 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 **RM67,132,163** (30.6.2018: RM55,311,548 and 1.7.2017: RM48,356,188) 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 conditions of the Turnkey Agreement and is repayable from the sales proceeds of the Development.

\# This is in relation to the stakeholder's sum held by the solicitors pursuant to the Settlement Agreement entered by 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., with Sovereign Paramount Sdn. Bhd. ("Sovereign Paramount"), Sierra Bonus Sdn. Bhd. and Sulaiman Bin Ahmad on 16 December 2016 in relation to an Originating Summon and a Notice of Discontinuance filed by Sovereign Paramount.

The stakeholder's sum is expected to be released upon the fulfilment of the terms as stipulated in the Settlement Agreement by 2021.

12. AMOUNT DUE FROM/TO SUBSIDIARIES

		COMPANY	
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Amount due from subsidiaries			
Trade related	**1,808,364**	1,808,364	1,808,364
Non-trade related			
- Non-interest bearing	**53,741**	10,589,848	11,139,692
Less: Allowance for impairment	**–**	(36,079)	(36,079)
	53,741	10,553,769	11,103,613
- Interest bearing	**220,061,160**	154,745,742	140,175,748
Less: Allowance for impairment	**(436,523)**	–	–
	219,624,637	154,745,742	140,175,748
	221,486,742	167,107,875	153,087,725
Amount due to subsidiaries			
Non-trade related			
- Non-interest bearing	**200,000**	–	–
- Interest bearing	**2,172,177**	27,435,685	35,930,701
	2,372,177	27,435,685	35,930,701

12. AMOUNT DUE FROM/TO SUBSIDIARIES (CONT'D)

The movement of allowance for impairment during the financial year is as follows:

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
At beginning of financial year	**36,079**	36,079	36,079
Recognised during the financial year	**400,444**	-	-
At end of financial year	**436,523**	36,079	36,079

The non-trade related amount is unsecured and is repayable on demand.

Interest is charged at **3%** (30.6.2018: 3% and 1.7.2017: 3%) per annum and is computed based on the daily outstanding balance.

13. OTHER INVESTMENTS

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Fair value through profit or loss			
- Investment in quoted unit trusts, at fair value	**18,506,434**	–	–
Available-for-sale financial assets			
- Investment in quoted unit trusts, at fair value	**–**	21,444,214	811,370

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Fair value through profit or loss			
- Investment in quoted unit trusts, at fair value	**4,456,801**	–	–
Available-for-sale financial assets			
- Investment in quoted unit trusts, at fair value	**–**	1,000,000	–

14. DEPOSITS WITH LICENSED BANKS

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Fixed deposits	**20,999,488**	24,367,582	2,184,444
Short term deposits	**–**	–	5,146,016
	20,999,488	24,367,582	7,330,460

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Fixed deposits	**–**	3,561,528	396,414

Included herein are the Group's and the Company's deposits of **RM4,218,979** (30.6.2018: RM3,274,350 and 1.7.2017: RM1,704,444) and **RM Nil** (30.6.2018: RM Nil and 1.7.2017: RM396,414) 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		
	30.6.2019	30.6.2018	1.7.2017
	%	%	%
Fixed deposits	**2.90 to 3.70**	2.90 to 3.70	3.10 to 3.44
Short term deposits	**–**	–	1.28 to 3.00

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	%	%	%
Fixed deposits	**–**	3.50	3.10

15. CASH AND BANK BALANCES

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Housing Development Account	**2,025**	2,027	2,035
Others	**8,152,653**	8,248,602	7,868,884
	8,154,678	8,250,629	7,870,919

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Others	**3,780,727**	2,969,849	583,220

15. CASH AND BANK BALANCES (CONT'D)

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

16. NON-CURRENT ASSETS HELD FOR SALE

		GROUP	
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Freehold land:			
Balance at beginning	**14,065,277**	–	–
Reclassified from investment properties	**–**	14,065,277	–
Disposal	**(14,065,277)**	–	–
Balance at end	**–**	14,065,277	–

17. SHARE CAPITAL

GROUP AND COMPANY

	Number of ordinary shares			Amount		
	30.6.2019	30.6.2018	1.7.2017	**30.6.2019**	30.6.2018	1.7.2017
				RM	RM	RM
Issued and fully paid:						
Balance at beginning	**242,952,684**	242,952,684	221,402,684	**142,629,537**	142,629,537	88,561,074
Private placement	**–**	–	21,550,000	**–**	–	8,620,000
Transition to no-par value regime on 31 January 2017	**–**	–	–	**–**	–	45,448,463
Balance at end	**242,952,684**	242,952,684	242,952,684	**142,629,537**	142,629,537	142,629,537

Included in share capital is share premium amounting to **RM Nil** (30.6.2018: RM45,448,463 and 1.7.2017: RM45,448,463) that is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

17. SHARE CAPITAL (CONT'D)

1.7.2017

	Balance at beginning	Transition to no-par value regime on 31 January 2017	Balance at end
	RM	RM	RM
Share premium	45,448,463	(45,448,463)	–

Pursuant to Section 618(2) of the Companies Act 2016, any amount standing to the credit of the share premium account shall become part of share capital.

Private placement

The Company issued 21,550,000 new ordinary shares of RM0.40 each via a Private Placement during the previous 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 2018.

Of the total **242,952,684** (30.6.2018: 242,952,684 and 1.7.2017: 242,952,684) issued and fully paid ordinary shares as at 30 June 2019, **5,896,500** (30.6.2018: 5,896,500 and 1.7.2017: 5,896,500) are held as treasury shares by the Company.

As at 30 June 2019, the number of outstanding ordinary shares in issue and fully paid after the set off is therefore **237,056,184** (30.6.2018: 237,056,184 and 1.7.2017: 237,056,184) ordinary shares.

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

19. RESERVES

	GROUP AND COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Asset revaluation reserve	**352,940**	352,940	352,940

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

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

		GROUP	
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Non-current liabilities			
Finance lease liabilities			
Minimum payments:			
Within 1 year	**273,104**	307,982	273,192
Later than 1 year but not later than 2 years	**212,774**	240,705	229,826
Later than 2 years but not later than 5 years	**180,681**	305,439	272,603
	666,559	854,126	775,621
Future finance charges	**(43,176)**	(62,322)	(58,923)
	623,383	791,804	716,698
Amount due within 1 year included under current liabilities	**(249,404)**	(277,342)	(243,503)
	373,979	514,462	473,195
Term loans			
Total amount repayable	**45,951,455**	23,870,020	27,752,284
Amount due within 1 year included under current liabilities	**(1,227,212)**	(1,120,412)	(3,913,346)
	44,724,243	22,749,608	23,838,938
	45,098,222	23,264,070	24,312,133

		GROUP	
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Current liabilities			
Bank overdraft	**9,529,244**	9,630,792	9,916,940
Commodity financing	**14,068,815**	5,000,000	5,000,000
Factoring	**14,284,970**	19,690,436	10,188,694
Finance lease liabilities	**249,404**	277,342	243,503
Term loans	**1,227,212**	1,120,412	3,913,346
	39,359,645	35,718,982	29,262,483
Total borrowings	**84,457,867**	58,983,052	53,574,616

21. BORROWINGS (CONT'D)

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 (Note 6);
(iv) First party legal charge over certain completed development properties (Note 6);
(v) Pledge of the Group's fixed deposits (Note 14); and
(vi) Corporate guarantee by the Company.

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

	Average effective interest rates per annum	Total	Within 1 year	More than 1 year and less than 2 years	More than 2 years and less than 5 years	More than 5 years
	(%)	RM	RM	RM	RM	RM
GROUP						
30.6.2019						
Bank overdraft	**7.45**	**9,529,244**	**9,529,244**	**–**	**–**	**–**
Commodity financing	**5.85**	**14,068,815**	**14,068,815**	**–**	**–**	**–**
Factoring	**5.70 to 5.95**	**14,284,970**	**14,284,970**	**–**	**–**	**–**
Finance lease liabilities	**2.33 to 3.20**	**623,383**	**249,404**	**200,582**	**173,397**	**–**
Term loans	**4.69 to 5.90**	**45,951,455**	**1,227,212**	**1,290,706**	**7,802,435**	**35,631,102**
30.6.2018						
Bank overdraft	7.70	9,630,792	9,630,792	–	–	–
Commodity financing	5.20	5,000,000	5,000,000	–	–	–
Factoring	5.55	19,690,436	19,690,436	–	–	–
Finance lease liabilities	2.31 to 3.20	791,804	277,342	221,874	292,588	–
Term loans	4.84 to 5.25	23,870,020	1,120,412	1,178,702	3,923,496	17,647,410
1.7.2017						
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

22. DEFERRED TAX LIABILITIES

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Deferred tax on fair value changes in investment properties			
Balance at beginning	**416,142**	355,142	–
Recognised in profit or loss	**51,000**	61,000	355,142
Balance at end	**467,142**	416,142	355,142
Excess of capital allowances over depreciation on property, plant and equipment			
Balance at beginning	**67,000**	35,000	–
Recognised in profit or loss	**(16,000)**	36,000	35,000
Over provision in prior year	**(7,000)**	(4,000)	–
Balance at end	**44,000**	67,000	35,000
	511,142	483,142	390,142

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Deferred tax on fair value changes in investment properties			
Balance at beginning	**6,784**	6,784	–
Recognised in profit or loss	**–**	–	6,784
Balance at end	**6,784**	6,784	6,784

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

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Property, plant and equipment	**44,000**	67,000	77,000
Investment properties	**467,142**	416,142	355,142
Unabsorbed tax losses	**–**	–	(42,000)
	511,142	483,142	390,142

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Investment properties	**6,784**	6,784	6,784

23. TRADE PAYABLES

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Trade payables	**10,184,743**	17,243,641	10,469,062
Retention sum payable	**11,004,467**	10,797,372	5,665,509
	21,189,210	28,041,013	16,134,571

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Trade payables	**2,444**	2,444	12,567

The trade payables are non-interest bearing and the normal credit terms granted to the Company range from **30 to 90 days** (30.6.2018: 30 to 90 days and 1.7.2017: 30 to 90 days). The retention sum is payable upon the expiry of the defect liability period of **6 to 24 months** (30.6.2018: 6 to 24 months and 1.7.2017: 6 to 24 months).

24. OTHER PAYABLES

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Other payables	**801,980**	918,898	729,734
GST payable	**–**	98,033	52,380
SST payable	**119,331**	–	–
Accruals:			
- Accrued development costs	**16,000,000**	16,077,328	16,077,328
- Accrued profit sharing	**4,086,116**	–	–
- Accrued project management consultancy fee	**1,215,751**	–	–
- Others	**2,486,001**	1,666,359	1,836,754
	23,787,868	17,743,687	17,914,082
Deposits received from:			
* - Property buyers	**–**	6,000,000	10,000
- Tenants	**5,351,601**	5,452,188	5,398,527
	5,351,601	11,452,188	5,408,527
	30,060,780	30,212,806	24,104,723

* Deposit received for the disposal of freehold land which was classified as assets held for sales by Seal City Sdn. Bhd., a wholly-owned subsidiary of the Company.

24. OTHER PAYABLES (CONT'D)

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Other payables	**60,034**	89,160	113,599
Accruals	**254,576**	253,017	267,264
Deposits received from tenants	**–**	–	54,086
	314,610	342,177	434,949

25. REVENUE

Disaggregated revenue information

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Types of revenue				
Rental income	**21,244,204**	21,600,049	**–**	16,686
Property development revenue	**–**	31,281,090	**–**	–
Construction contract revenue	**67,977,367**	75,632,595	**–**	–
Sale of timber concession	**3,776,745**	2,765,031	**–**	–
Provision of marketing services	**7,231,024**	4,294,256	**–**	–
Gross dividend from subsidiaries	**–**	–	**62,598,409**	27,200,000
	100,229,340	135,573,021	**62,598,409**	27,216,686
Timing of recognition				
Performance obligation satisfied over time	**67,977,367**	75,632,595	**–**	–
Performance obligation satisfied at a point in time	**32,251,973**	59,940,426	**62,598,409**	27,216,686
	100,229,340	135,573,021	**62,598,409**	27,216,686

Geographical segments

All of the Group and of the Company's revenue are derived from Malaysia only.

Contract balances

	GROUP	
	2019	2018
	RM	RM
Trade receivables (Note 9)	**88,705,961**	69,986,858
Contract assets/(liabilities) (Note 10)	**1,985,609**	(6,034,957)

25. REVENUE (CONT'D)

Disaggregated revenue information (cont'd)

Contract balances (cont'd)

Revenue of **RM6,034,957** (2018: RM3,295,467) was recognised during the financial year that was in the contract liabilities at the beginning of the financial year.

There was no revenue recognised from performance obligations satisfied or partially satisfied in previous financial year.

Performance obligations

Performance obligations of respective revenue are disclosed in Note 3.11 to the financial statements.

The construction project is subject to Defects Liability Period of generally six (6) to twenty-four (24) months from the issuance of Certificate of Practical Completion ("CPC"). This requires the Group to make good on any defects which may appear and which are due to design, materials, goods, workmanship or equipment not in accordance with the contracts.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the reporting date is **RM42,011,256** (2018: RM115,009,053).

The remaining performance obligations are expected to be recognised within **one (1) year** (2018: 1 to 2 years) which are in accordance with the agreed time frames stated in the contracts signed with customer.

26. DIRECT OPERATING COSTS

	GROUP	
	2019	2018
	RM	RM
Rental operating costs	**13,926,383**	13,543,559
Property development costs	**–**	21,095,294
Construction contract costs	**61,731,031**	72,349,463
Timber related costs	**1,271,890**	1,161,926
	76,929,304	108,150,242

27. OTHER INCOME

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Administrative income	**4,124,736**	3,558,246	**–**	–
Deposits forfeited	**24,453**	129,138	**–**	49,404
Dividend income	**924,871**	244,998	**198,107**	–
Fair value gain on investment properties	**1,014,131**	1,223,088	**–**	–
Gain on disposal of non-current asset held for sale	**12,966,937**	–	**–**	–
Interest income	**1,402,895**	1,478,578	**6,194,065**	4,791,795
Rental income	**648,027**	224,036	**–**	–
Miscellaneous income	**35,757**	549,067	**59,873**	90,605
	21,141,807	7,407,151	**6,452,045**	4,931,804

28. PROFIT BEFORE TAX

This is arrived at after charging:

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Audit fee				
- statutory audit				
- current year	**104,500**	100,500	**35,000**	32,000
- under provision in prior year	**3,500**	–	**–**	–
- other services	**3,000**	3,000	**3,000**	3,000
Bad debts	**–**	6,387	**–**	–
Depreciation	**612,422**	535,609	**100,054**	15,313
Directors' fee for non-executive directors	**192,000**	168,000	**192,000**	168,000
Impairment loss on investment in a subsidiary	**–**	–	**230,051**	3,700,000
Impairment loss on amount due from subsidiary	**–**	–	**400,444**	–

28. PROFIT BEFORE TAX (CONT'D)

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Impairment loss on receivables	**84,684**	277,839	**–**	–
Interest expense on:				
- Finance lease	**32,102**	37,375	**–**	–
- Term loans	**1,271,637**	1,193,411	**–**	–
- Bank overdrafts	**39,727**	103,870	**29,727**	93,869
- Advances from a subsidiary	**–**	–	**453,809**	892,302
Lease rental	**8,971,550**	8,971,550	**–**	–
Property, plant and equipment written off	**13,020**	9,889	**2**	–
Rental expenses	**4,537**	4,286	**–**	–
* Staff costs	**6,192,091**	5,894,057	**700,727**	606,902

* **Staff costs**

- Salaries, wages, overtime, allowance, incentive and bonus	**5,529,509**	5,258,920	**624,000**	540,000
- Employment Insurance System ("EIS")	**5,618**	2,889	**190**	95
- EPF	**604,811**	582,297	**74,880**	65,150
- SOCSO	**52,153**	49,951	**1,657**	1,657
	6,192,091	5,894,057	**700,727**	606,902

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	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Salaries and bonus	**754,000**	640,600	**624,000**	540,000
EPF	**74,880**	65,150	**74,880**	65,150
	828,880	705,750	**698,880**	605,150
Benefits-in-kind	**51,950**	47,900	**–**	–
	880,830	753,650	**698,880**	605,150

29. TAX EXPENSE

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Malaysian income tax:				
Based on results for the financial year				
- Current tax	**(4,599,000)**	(3,660,000)	**(1,082,000)**	(638,000)
- Deferred tax relating to the origination and reversal of temporary differences	**(35,000)**	(97,000)	**–**	–
	(4,634,000)	(3,757,000)	**(1,082,000)**	(638,000)
(Under)/Over provision in prior year				
- Current tax	**(3,570,491)**	(339,165)	**(100,607)**	(86,975)
- Deferred tax	**7,000**	4,000	**–**	–
	(3,563,491)	(335,165)	**(100,607)**	(86,975)
	(8,197,491)	(4,092,165)	**(1,182,607)**	(724,975)

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

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Profit before tax	**28,041,760**	18,409,864	**66,125,242**	25,959,064
Income tax at Malaysian statutory tax rate of 24%	**(6,730,022)**	(4,418,367)	**(15,870,058)**	(6,230,175)
Income not subject to tax	**462,355**	1,438,152	**15,071,164**	6,528,000
Expenses not deductible for tax purposes	**(923,719)**	(967,989)	**(259,092)**	(934,919)
Utilisation of unabsorbed tax losses and capital allowances	**381,092**	2,121,936	**–**	–
Deferred tax liability not recognised in prior year	**3,111,993**	–	**–**	–
Deferred tax movement not recognised	**(884,699)**	(1,869,732)	**(24,014)**	(906)
Deferred tax on fair value gain of investment properties	**(51,000)**	(61,000)	**–**	–
	(4,634,000)	(3,757,000)	**(1,082,000)**	(638,000)
Under provision in prior year	**(3,563,491)**	(335,165)	**(100,607)**	(86,975)
	(8,197,491)	(4,092,165)	**(1,182,607)**	(724,975)

29. 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	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Property, plant and equipment	**27,000**	53,000	**5,000**	27,000
Unabsorbed tax losses	**(8,605,000)**	(8,130,000)	**–**	–
Unabsorbed capital allowances	**(11,867,000)**	(11,864,000)	**(11,316,000)**	(11,314,000)
	(20,445,000)	(19,941,000)	**(11,311,000)**	(11,287,000)

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	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Unabsorbed tax losses	**35,856,000**	33,872,000	**–**	–
Unabsorbed capital allowances	**49,448,000**	49,436,000	**47,151,000**	47,141,000

30. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit 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	
	2019	2018
Profit attributable to owners of the Company (RM)	**19,801,442**	14,853,344
Weighted average number of ordinary shares	**237,056,184**	237,056,184
Earnings per share (sen)	**8.35**	6.27

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

31. COMMITMENTS

31.1 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	
	2019	2018
	RM	RM
Within 1 year	**8,223,921**	8,971,550
More than 1 year and less than 2 years	**–**	8,223,921
	8,223,921	17,195,471

31.2 Capital commitments

	GROUP	
	2019	2018
	RM	RM
Authorised and contracted for:		
- Investment properties	**3,219,865**	–
Authorised but not contracted for:		
- Investment properties	**21,708,300**	–

32. 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

32. 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
2019									
Revenue									
External sales	18,692,465	2,551,739	3,776,745	–	67,977,367	7,231,024	–		100,229,340
Inter-segment sales	–	260,400	–	–	–	69,416,409	(69,676,809)	A	–
Total revenue	18,692,465	2,812,139	3,776,745	–	67,977,367	76,647,433	(69,676,809)		100,229,340
Result									
Segment results	3,010,200	19,854,893	857,876	329,742	7,229,301	65,425,579	(68,725,260)		27,982,331
Interest income									1,402,895
Profit from operations									29,385,226
Finance costs									(1,343,466)
Profit before tax									28,041,760
Tax expense									(8,197,491)
Profit for the financial year									19,844,269
Assets									
Segment assets	12,499,011	92,353,453	11,802,600	181,214,945	159,531,178	231,357,313	(259,875,437)		428,883,063
Current tax assets									604,949
Total assets									429,488,012
Liabilities									
Segment liabilities	9,715,287	38,025,591	6,095,695	133,982,481	158,837,232	4,259,591	(215,208,020)		135,707,857
Deferred tax liabilities									511,142
Current tax liabilities									671,251
Total liabilities									136,890,250
Other information									
Additions to non- current assets	5,900	1,367,480	–	23,122,609	–	130,295	–	B	24,626,284
Depreciation	18,054	18,067	84,739	90,007	260,637	143,608	(2,690)		612,422
Non-cash expenses/ (income) other than depreciation	86,699	(13,981,066)	515,287	–	–	11,003	–	C	(13,368,077)

32. 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
2018									
Revenue									
External sales	19,380,823	2,219,226	2,765,031	31,281,090	75,632,595	4,294,256	–		135,573,021
Inter-segment sales	–	277,800	–	–	–	33,715,000	(33,992,800)	A	–
Total revenue	19,380,823	2,497,026	2,765,031	31,281,090	75,632,595	38,009,256	(33,992,800)		135,573,021
Result									
Segment results	4,458,162	1,914,472	411,581	5,561,102	4,056,001	28,562,386	(26,697,762)		18,265,942
Interest income									1,478,578
Profit from operations									19,744,520
Finance costs									(1,334,656)
Profit before tax									18,409,864
Tax expense									(4,092,165)
Profit for the financial year									14,317,699
Assets									
Segment assets	16,109,046	79,241,698	13,416,136	204,919,970	125,270,104	216,109,944	(261,900,681)		393,166,217
Current tax assets									4,316,460
Total assets									397,482,677
Liabilities									
Segment liabilities	9,922,994	32,222,306	19,355,836	126,192,567	128,220,699	10,537,091	(203,179,665)		123,271,828
Deferred tax liabilities									483,142
Current tax liabilities									974,214
Total liabilities									124,729,184
Other information									
Additions to non- current assets	13,248	12,609	–	21,860	538,718	36,732	–	B	623,167
Depreciation	19,568	17,530	–	153,434	215,744	132,023	(2,690)		535,609
Non-cash expenses/ (income) other than depreciation	–	(1,218,796)	582,513	282,155	–	7,668	–	C	(346,460)

32. 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 investment properties.

C Other non-cash expenses/(income) consist of the following items:

	2019	2018
	RM	RM
Bad debts	**–**	6,387
Fair value gain on investment properties	**(1,014,131)**	(1,223,088)
Gain on disposal of non-current asset held for sale	**(12,966,937)**	–
Impairment loss on receivables	**84,684**	277,839
Property, plant and equipment written off	**13,020**	9,889
Timber concession cost recognised	**515,287**	582,513
	(13,368,077)	(346,460)

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** (2018: 1) major customer which contributed more than 10% of the Group's revenue from the construction and provision for marketing services segments amounted to **RM75,208,391** (2018: RM79,926,851).

33. RELATED PARTY DISCLOSURES

(i) Identify of related parties

The Group and the Company have related party relationship with its subsidiaries and key management personnel.

(ii) Related party transactions

	COMPANY	
	2019	2018
	RM	RM
Transactions with subsidiaries		
- Administrative fee charged by	**360,000**	350,000
- Interest charged by	**453,809**	892,302
- Interest charged to	**6,006,150**	4,547,248

(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.

33. RELATED PARTY DISCLOSURES (CONT'D)

(iii) Compensation of key management personnel (cont'd)

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

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Short term employee benefits	**1,649,162**	1,507,437	**624,000**	540,000
Defined contribution plan	**170,557**	157,658	**74,880**	65,150
	1,819,719	1,665,095	**698,880**	605,150
Analysed as:				
- Directors	**880,830**	753,650	**698,880**	605,150
- Key management personnel	**938,889**	911,445	**-**	-
	1,819,719	1,665,095	**698,880**	605,150

34. FINANCIAL INSTRUMENTS

34.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 30 June 2019 categorised as amortised cost ("AC") and fair value through profit or loss ("FVTPL").

	Carrying amount	**AC**	**FVTPL**
	RM	**RM**	**RM**
GROUP			
30.6.2019			
Financial assets			
Trade receivables	**88,705,961**	**88,705,961**	**–**
Other receivables and refundable deposits	**73,645,663**	**73,645,663**	**–**
Other investments	**18,506,434**	**–**	**18,506,434**
Deposits with licensed banks	**20,999,488**	**20,999,488**	**–**
Cash and bank balances	**8,154,678**	**8,154,678**	**–**
	210,012,224	**191,505,790**	**18,506,434**
Financial liabilities			
Borrowings	**84,457,867**	**84,457,867**	**–**
Trade payables	**21,189,210**	**21,189,210**	**–**
Other payables	**29,941,449**	**29,941,449**	**–**
	135,588,526	**135,588,526**	**–**

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 Categories of financial instruments (cont'd)

	Carrying amount RM	AC RM	FVTPL RM
COMPANY			
30.6.2019			
Financial assets			
Other receivables and refundable deposits	**880**	**880**	**–**
Amount due from subsidiaries	**221,486,742**	**221,486,742**	**–**
Other investments	**4,456,801**	**–**	**4,456,801**
Cash and bank balances	**3,780,727**	**3,780,727**	**–**
	229,725,150	**225,268,349**	**4,456,801**
Financial liabilities			
Trade payables	**2,444**	**2,444**	**–**
Other payables	**314,610**	**314,610**	**–**
Amount due to subsidiaries	**2,372,177**	**2,372,177**	**–**
	2,689,231	**2,689,231**	**–**

The table below provides an analysis of financial instruments as at 30 June 2018 and 1 July 2017 categorised as follows:

(i) Loans and receivables ("L&R");
(ii) Available-for-sale financial assets ("AFS"); and
(iii) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	L&R RM	AFS RM	FL RM
GROUP				
30.6.2018				
Financial assets				
Trade receivables	69,986,858	69,986,858	–	–
Other receivables and refundable deposits	62,022,406	62,022,406	–	–
Other investments	21,444,214	–	21,444,214	–
Deposits with licensed banks	24,367,582	24,367,582	–	–
Cash and bank balances	8,250,629	8,250,629	–	–
	186,071,689	164,627,475	21,444,214	–
Financial liabilities				
Borrowings	58,983,052	–	–	58,983,052
Trade payables	28,041,013	–	–	28,041,013
Other payables	30,114,773	–	–	30,114,773
	117,138,838	–	–	117,138,838

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 Categories of financial instruments (cont'd)

	Carrying amount RM	L&R RM	AFS RM	FL RM
GROUP				
1.7.2017				
Financial assets				
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	–	–
	148,638,763	147,827,393	811,370	–
Financial liabilities				
Borrowings	53,574,616	–	–	53,574,616
Trade payables	16,134,571	–	–	16,134,571
Other payables	24,052,343	–	–	24,052,343
	93,761,530	–	–	93,761,530
COMPANY				
30.6.2018				
Financial assets				
Other receivables and refundable deposits	1,254	1,254	–	–
Amount due from subsidiaries	167,107,875	167,107,875	–	–
Other investments	1,000,000	–	1,000,000	–
Deposits with licensed banks	3,561,528	3,561,528	–	–
Cash and bank balances	2,969,849	2,969,849	–	–
	174,640,506	173,640,506	1,000,000	–
Financial liabilities				
Trade payables	2,444	–	–	2,444
Other payables	342,177	–	–	342,177
Amount due to subsidiaries	27,435,685	–	–	27,435,685
	27,780,306	–	–	27,780,306

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 Categories of financial instruments (cont'd)

	Carrying amount RM	L&R RM	AFS RM	FL RM
COMPANY				
1.7.2017				
Financial assets				
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	–	–
	154,171,110	154,171,110	–	–
Financial liabilities				
Trade payables	12,567	–	–	12,567
Other payables	434,949	–	–	434,949
Amount due to subsidiaries	35,930,701	–	–	35,930,701
	36,378,217	–	–	36,378,217

34.2 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.

34.3 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 and other receivables. The Company's exposure to credit risk arises principally from its trade and other receivables, advances and financial guarantees given to its subsidiaries.

34.3.1 Receivables

The maximum exposure to credit risk arising from trade and other receivables are represented by their carrying amounts in the statement of financial position.

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.

34. FINANCIAL INSTRUMENTS (CONT'D)

34.3 Credit risk (cont'd)

34.3.1 Receivables (cont'd)

In addition, as set out in Note 3.9, the Group and the Company assess ECL under MFRS 9 on trade receivables based on provision matrix, the expected loss rates are based on the payment profile for sales in the past as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

The Group and the Company apply simplified approach to recognise lifetime expected credit losses for all trade receivables. The expected credit losses calculated by the Group and Company are not material under MFRS 9 as at 30 June 2019 and therefore not provided for.

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

	Gross RM	Credit impaired RM	Net RM
GROUP			
30.6.2019			
Not past due	**11,172,534**	**–**	**11,172,534**
Past due 1 to 30 days	**2,175,140**	**–**	**2,175,140**
Past due 31 to 60 days	**2,442,914**	**–**	**2,442,914**
Past due more than 60 days	**80,913,020**	**(7,997,647)**	**72,915,373**
	85,531,074	**(7,997,647)**	**77,533,427**
	96,703,608	**(7,997,647)**	**88,705,961**

	Gross RM	Individual impairment RM	Net RM
30.6.2018			
Not past due	20,575,897	–	20,575,897
Past due 1 to 30 days	15,009,842	–	15,009,842
Past due 31 to 60 days	357,330	–	357,330
Past due more than 60 days	41,956,752	(7,912,963)	34,043,789
	57,323,924	(7,912,963)	49,410,961
	77,899,821	(7,912,963)	69,986,858
1.7.2017			
Not past due	7,903,740	–	7,903,740
Past due 1 to 30 days	3,601,814	–	3,601,814
Past due 31 to 60 days	4,777,228	–	4,777,228
Past due more than 60 days	48,423,621	(7,635,124)	40,788,497
	56,802,663	(7,635,124)	49,167,539
	64,706,403	(7,635,124)	57,071,279

34. FINANCIAL INSTRUMENTS (CONT'D)

34.3 Credit risk (cont'd)

34.3.1 Receivables (cont'd)

	Gross RM	**Credit impairment RM**	**Net RM**
COMPANY			
30.6.2019			
Not past due	**–**	**–**	**–**
Past due 1 to 30 days	**–**	**–**	**–**
Past due 31 to 60 days	**–**	**–**	**–**
Past due more than 60 days	**135,124**	**(135,124)**	**–**
	135,124	**(135,124)**	**–**
	135,124	**(135,124)**	**–**

	Gross RM	Individual impairment RM	Net RM
30.6.2018			
Not past due	–	–	–
Past due 1 to 30 days	–	–	–
Past due 31 to 60 days	–	–	–
Past due more than 60 days	135,124	(135,124)	–
	135,124	(135,124)	–
	135,124	(135,124)	–
1.7.2017			
Not past due	219	–	219
Past due 1 to 30 days	–	–	–
Past due 31 to 60 days	500	–	500
Past due more than 60 days	230,962	(135,124)	95,838
	231,462	(135,124)	96,338
	231,681	(135,124)	96,557

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 **RM77,533,427** (30.6.2018: RM49,410,961 and 1.7.2017: RM49,167,539) and **RM Nil** (30.6.2018: RM Nil and 1.7.2017: RM96,338) 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 on trade and other receivables in the form of outstanding balance due from **1 customer** (30.6.2018: 1 customer and 1.7.2017: 1 customer) and **1 customer** (30.6.2018: 1 customer and 1.7.2017: 4 customers), which represents **99%** (30.6.2018: 97% and 1.7.2017: 96%) and **90%** (30.6.2018: 87% and 1.7.2017: 94%) of the total trade and other receivables respectively.

34. FINANCIAL INSTRUMENTS (CONT'D)

34.3 Credit risk (cont'd)

34.3.2 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 non-impaired advances to its subsidiaries are not recoverable.

34.3.3 Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries as disclosed in Note 34.4. The Company monitors on an ongoing 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.

34.4 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.

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
GROUP						
30.6.2019						
Non-derivative financial liabilities						
Interest bearing borrowings	84,457,867	106,845,103	41,829,077	3,920,914	14,552,755	46,542,357
Trade payables	21,189,210	21,189,210	21,189,210	–	–	–
Other payables	29,941,449	29,941,449	29,941,449	–	–	–
	135,588,526	157,975,762	92,959,736	3,920,914	14,552,755	46,542,357

34. FINANCIAL INSTRUMENTS (CONT'D)

34.4 Liquidity risk (cont'd)

	Carrying amount	Contractual cash flows	Within 1 year	More than 1 year and less than 2 years	More than 2 years and less than 5 years	More than 5 years
	RM	RM	RM	RM	RM	RM
GROUP						
30.6.2018						
Non-derivative financial liabilities						
Interest bearing borrowings	58,983,052	70,149,329	36,955,636	2,567,131	7,284,717	23,341,845
Trade payables	28,041,013	28,041,013	28,041,013	–	–	–
Other payables	30,114,773	30,114,773	30,114,773	–	–	–
	117,138,838	128,305,115	95,111,422	2,567,131	7,284,717	23,341,845
1.7.2017						
Non-derivative financial liabilities						
Interest bearing borrowings	53,574,616	65,322,770	30,518,553	2,522,920	7,151,884	25,129,413
Trade payables	16,134,571	16,134,571	16,134,571	–	–	–
Other payables	24,052,343	24,052,343	24,052,343	–	–	–
	93,761,530	105,509,684	70,705,467	2,522,920	7,151,884	25,129,413

34. FINANCIAL INSTRUMENTS (CONT'D)

34.4 Liquidity risk (cont'd)

	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
COMPANY						
30.6.2019						
Non-derivative financial liabilities						
Trade payables	**2,444**	**2,444**	**2,444**	**–**	**–**	**–**
Other payables	**314,610**	**314,610**	**314,610**	**–**	**–**	**–**
Amount due to subsidiaries	**2,372,177**	**2,372,177**	**2,372,177**	**–**	**–**	**–**
Financial guarantee*	**–**	**76,800,075**	**76,800,075**	**–**	**–**	**–**
	2,689,231	**79,489,306**	**79,489,306**	**–**	**–**	**–**
30.6.2018						
Non-derivative financial liabilities						
Trade payables	2,444	2,444	2,444	–	–	–
Other payables	342,177	342,177	342,177	–	–	–
Amount due to subsidiaries	27,435,685	27,435,685	27,435,685	–	–	–
Financial guarantee*	–	55,691,248	55,691,248	–	–	–
	27,780,306	83,471,554	83,471,554	–	–	–
1.7.2017						
Non-derivative financial liabilities						
Trade payables	12,567	12,567	12,567	–	–	–
Other payables	434,949	434,949	434,949	–	–	–
Amount due to subsidiaries	35,930,701	35,930,701	35,930,701	–	–	–
Financial guarantee*	–	50,357,517	50,357,517	–	–	–
	36,378,217	86,735,734	86,735,734	–	–	–

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

34. FINANCIAL INSTRUMENTS (CONT'D)

34.5 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		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Fixed rate instruments			
Financial assets	**20,999,488**	24,367,582	7,330,460
Financial liabilities	**623,383**	791,804	716,698
Floating rate instruments			
Financial liabilities	**83,834,484**	58,191,248	52,857,918

	COMPANY		
	30.6.2019	30.6.2018	1.7.2017
	RM	RM	RM
Fixed rate instruments			
Financial assets	**220,061,160**	158,307,270	140,572,162
Financial liabilities	**2,172,177**	27,435,685	35,930,701

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 **RM62,367** (30.6.2018: RM57,784 and 1.7.2017: RM68,069) and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables remain constant.

34.6 Market price risk

The Group and the Company are exposed to price risk through their investments in unit trust funds which are classified as financial assets at fair value through profit or loss. The management manages this exposure by maintaining a portfolio of investments with different risks and diversifies the portfolio in various financial institutions.

34. FINANCIAL INSTRUMENTS (CONT'D)

34.7 Reconciliation of liabilities arising from financing activities

The movement of financial liabilities arising from financial activities during the financial year is as follows:

	Balance at beginning RM	Net Cash flows RM	Others RM	Balance at end RM
GROUP				
2019				
Commodity financing	**5,000,000**	**9,068,815**	**–**	**14,068,815**
Factoring	**19,690,436**	**(5,405,466)**	**–**	**14,284,970**
Finance lease liabilities	**791,804**	**(278,421)**	**110,000**	**623,383**
Term loans	**23,870,020**	**22,081,435**	**–**	**45,951,455**
Total liabilities from financing activities	**49,352,260**	**25,466,363**	**110,000**	**74,928,623**
2018				
Commodity financing	5,000,000	–	–	5,000,000
Factoring	10,188,694	9,501,742	–	19,690,436
Finance lease liabilities	716,698	(274,894)	350,000	791,804
Term loans	27,752,284	(3,882,264)	–	23,870,020
Total liabilities from financing activities	43,657,676	5,344,584	350,000	49,352,260

35. FAIR VALUE MEASUREMENT

The carrying amounts of the Group's and the Company's financial assets (other than investments in quoted financial 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.

35.1 Non-financial assets that are measured at fair value

The directors determine the recurring 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 qualified 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.

35. FAIR VALUE MEASUREMENT (CONT'D)

35.1 Non-financial assets that are measured at fair value (cont'd)

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
GROUP					
30.6.2019					
Investment properties	**–**	**–**	**57,147,820**	**57,147,820**	**57,147,820**
30.6.2018					
Investment properties	–	–	54,767,820	54,767,820	54,767,820
1.7.2017					
Investment properties	–	–	67,610,009	67,610,009	67,610,009
COMPANY					
30.6.2019					
Investment properties	**–**	**–**	**1,630,000**	**1,630,000**	**1,630,000**
30.6.2018					
Investment properties	–	–	1,630,000	1,630,000	1,630,000
1.7.2017					
Investment properties	–	–	1,630,000	1,630,000	1,630,000

35.2 Financial assets that are measured at fair value on a recurring basis

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
GROUP					
30.6.2019					
Financial asset					
Other investments	**18,506,434**	**–**	**–**	**18,506,434**	**18,506,434**
30.6.2018					
Financial asset					
Other investments	21,444,214	–	–	21,444,214	21,444,214
1.7.2017					
Financial asset					
Other investments	811,370	–	–	811,370	811,370

35. FAIR VALUE MEASUREMENT (CONT'D)

35.2 Financial assets that are measured at fair value on a recurring basis (cont'd)

	Level 1	Level 2	Level 3	Total fair value	Carrying amount
	RM	**RM**	**RM**	**RM**	**RM**
COMPANY					
30.6.2019					
Financial asset					
Other investments	**4,456,801**	**–**	**–**	**4,456,801**	**4,456,801**
30.6.2018					
Financial asset					
Other investments	1,000,000	–	–	1,000,000	1,000,000

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.

36. 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.

37. EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company had on 9 June 2010 and 15 July 2010 obtained approval 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 2019, 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,

37. EMPLOYEE SHARE OPTION SCHEME ("ESOS") (CONT'D)

(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 is 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.

38. EXPLANATION OF TRANSITION TO MFRS

As stated in Note 2.1 to the financial statements, this is the first financial statements of the Group and the Company prepared in accordance with MFRS.

In preparing the opening statement of financial position as at 1 July 2017, the Group and the Company have adjusted certain amounts reported previously in financial statements prepared in accordance with previous FRS. An explanation of how the transition from previous FRS to MFRS has affected the Company's financial position is set out below.

38.1 Land held for development and property development costs

The Group's and the Company's land held for development and property development costs previously measured under FRS 201 are now measured under MFRS 102 as inventories.

The financial impacts to the statements of financial position and statements of cash flows of the Group and of the Company arising from the transition to the MFRS Framework are disclosed below:

	FRS	Effects of transition to MFRS	MFRS
	RM	RM	RM
Statement of financial position			
GROUP			
As at 1.7.2017			
Non-current assets			
Inventories	–	72,574,893	72,574,893
Land held for development	72,574,893	(72,574,893)	–

38. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

38.1 Land held for development and property development costs (cont'd)

	FRS	Effects of transition to MFRS	MFRS
	RM	RM	RM
Current assets			
Inventories	15,008,807	36,868,132	51,876,939
Property development costs	36,868,132	(36,868,132)	–

Statement of financial position

GROUP

	FRS	Effects of transition to MFRS	MFRS
As at 30.6.2018			
Non-current assets			
Inventories	–	94,956,878	94,956,878
Land held for development	94,956,878	(94,956,878)	–
Current assets			
Inventories	11,365,942	16,681,584	28,047,526
Property development costs	16,681,584	(16,681,584)	–

COMPANY

	FRS	Effects of transition to MFRS	MFRS
As at 1.7.2017			
Non-current assets			
Inventories	–	17,542,605	17,542,605
Land held for development	17,542,605	(17,542,605)	–
As at 30.6.2018			
Non-current assets			
Inventories	–	17,570,925	17,570,925
Land held for development	17,570,925	(17,570,925)	–

Statement of cash flows

GROUP

	FRS	Effects of transition to MFRS	MFRS
For the financial year ended 30.6.2018			
Decrease in land held for development	(22,381,985)	22,381,985	–
Decrease in property development costs	20,186,548	(20,186,548)	–
Decrease in inventories	3,642,865	(2,195,437)	1,447,428

COMPANY

	FRS	Effects of transition to MFRS	MFRS
For the financial year ended 30.6.2018			
Increase in land held for development	(28,320)	28,320	–
Increase in inventories	–	(28,320)	(28,320)

38. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

38.2 MFRS 15 Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 July 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group and the Company elected to apply the standard to all contracts as at 1 July 2018.

The adoption of MFRS 15 has resulted in a change in accounting policy for revenue recognition, and has no material financial impact on the substance of the principles applied by the Group and the Company to the amount and timing of revenue recognition. The revenue recognition principles and delivery terms applied by the Group and the Company remains generally unaltered. No adjustment to the opening balance of accumulated losses had been made as there are no changes in timing of the revenue recognition. The comparative information which was reported under MFRS 111, MFRS 118 and related Interpretations was not restated, except the following:

	FRS	Effects of transition to MFRS	MFRS
	RM	RM	RM
Statement of financial position			
GROUP			
As at 1.7.2017			
Current liabilities			
Gross amount due to customers on contracts	3,295,467	(3,295,467)	–
Contract liabilities	–	3,295,467	3,295,467
As at 30.6.2018			
Current liabilities			
Gross amount due to customers on contracts	6,034,957	(6,034,957)	–
Contract liabilities	–	6,034,957	6,034,957
Statement of cash flows			
GROUP			
For the financial year ended 30.6.2018			
Decrease in gross amount due to customers on contracts	2,739,490	(2,739,490)	–
Increase in contract liabilities	–	2,739,490	2,739,490

38. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

38.3 MFRS 9 Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group and the Company applied MFRS 9 prospectively, with the initial application date of 1 July 2018. The Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. There are no material differences arising from the adoption of MFRS 9, except the following:

38.3.1 Classification and measurement

The classification and measurement requirements of MFRS 9 did not have a significant impact on the Group and the Company except as mentioned below:

(i) Trade receivables, other receivables, amount due from subsidiaries, deposits with licensed banks and cash and bank balances previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

(ii) Other investments represent investment in unit trusts classified as available for sales ("AFS") financial assets as at 30 June 2018 and is now classified and measured as financial assets at fair value through profit or loss ("FVTPL") beginning 1 July 2018.

In summary, upon the adoption of MFRS 9, the Group and the Company had the following required or elected reclassifications as at 1 July 2018.

		MFRS 9 measurement category	
		Amortised cost	**Fair value through profit or loss**
	RM	**RM**	**RM**
MFRS 139 measurement category			
GROUP			
Loans and receivables			
Trade receivables	69,986,858	69,986,858	–
Other receivables and refundable deposits	62,022,406	62,022,406	–
Deposits with licensed banks	24,367,582	24,367,582	–
Cash and bank balances	8,250,629	8,250,629	–

38. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

38.3 MFRS 9 Financial Instruments (cont'd)

38.3.1 Classification and measurement (cont'd)

		MFRS 9 measurement category	
		Amortised cost	**Fair value through profit or loss**
	RM	**RM**	**RM**
MFRS 139 measurement category			
GROUP			
Available-for-sales			
Other investments	21,444,214	–	21,444,214
COMPANY			
Loans and receivables			
Other receivables and refundable deposits	1,254	1,254	–
Amount due from subsidiaries	167,107,875	167,107,875	–
Deposits with licensed banks	3,561,528	3,561,528	–
Cash and bank balances	2,969,849	2,969,849	–
Available-for-sales			
Other investments	1,000,000	–	1,000,000

38. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

38.3 MFRS 9 Financial Instruments (cont'd)

38.3.2 Impairment

The adoption of MFRS 9 has fundamentally changed the Group's and the Company's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. There is no material cumulative effect of initially applying MFRS 9 to be adjusted against the opening balance of retained profits at the date of initial application.

39. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group had on 5 August 2019 entered into Sales and Purchase Agreements with Dwitasik Sdn. Bhd. for the acquisition of 20 units commercial shop lots in Q Avenue, Queensville for a total consideration of RM21,758,300.

LIST OF PROPERTIES
AS AT 30/6/2019

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	5,065,214
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	4,434,788
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	1,896,731
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	722,867
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	961,615
G.M 5796, Lot No. 117 Mukim Kuah Langkawi, Kedah	11/10/1999	4,324.00 sq.metres	Freehold	Vacant land for development	4,518,030

Location of property	Date of Acquisition/ (Age of Building)	Area	Tenure	Description/ Existing Use	Carrying Amount (RM)
Subsidiary companies					
Bayan City Jalan Mayang Pasir 3 11950 Bayan Baru, Penang	25/07/2013 & 15/03/2017	58 units	Freehold	Commercial & residential lot	55,480,000
"Kompleks Permaisuri Q" No 6, Jalan Sri Permaisuri, Bandar Sri Permaisuri, Cheras, 56000 Kuala Lumpur	02/04/2019	37 units	Leasehold	Commercial & Office lot	23,122,609
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	1,914,364
H.S.(D) 90454 PT 48857 Bandar Sungai Petani Kuala Muda, Kedah	05/03/2013	375,655.70 sq.metres	Freehold	Development	15,246,252
Lot No. 72020 Mukim 12, Daerah Barat Daya Penang	02/08/2017	2.91 hectare	Freehold	Development	77,417,425

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 30 SEPTEMBER 2019

Range of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Issued Capital
Less than 100	223	3.49	7,984	0.00
100 – 1,000	1,968	30.82	1,766,585	0.75
1,001 – 10,000	3,179	49.79	13,675,487	5.76
10,001 – 100,000	858	13.44	26,068,795	11.00
100,001– 11,852,808*	153	2.40	131,161,133	55.33
11,852,809 and above**	4	0.06	64,376,200	27.16
TOTAL	6,385	100.00	237,056,184	100.00

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

SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2019

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	–	–	31,230,400	13.17
Fang Siew Hong	–	–	20,000,000	8.44
Fang Siew Poh	5,337,900	2.25	20,000,000	8.44
Chuah Chong Ewe	1,075,000	0.45	13,364,200	5.64

DIRECTORS' INTERESTS AS AT 30 SEPTEMBER 2019

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	–	–	31,230,400	13.17
Datuk Tan Hiang Joo	29,000	0.01	–	–
Tuan Haji Abdul Hamid Bin Mohd Hassan	–	–	–	–
Allen Chee Wai Hong	–	–	–	–
Yang Teramat Mulia Raja Kecil Tengah Perak Raja Dato' Seri Iskandar Bin Raja Ziran @ Raja Zaid	–	–	–	–

LIST OF TOP THIRTY SHAREHOLDERS
AS AT 30 SEPTEMBER 2019

	Name	Shareholdings	Percentage
1.	Affin Hwang Nominees (Tempatan) Sdn Bhd [HDM Capital Sdn bhd for Kesan Aunggun 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.	Song Kim Lee	7,650,000	3.23
7.	Maybank Securities Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Sierra Bonus Sdn Bhd]	7,515,417	3.17
8.	Maybank Securities Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Resolute Accomplishment Sdn Bhd]	5,660,300	2.39
9.	Lim Pei Tiam @ Liam Ahat Kiat	5,650,600	2.38
10.	Song Phaik Gim	5,000,000	2.11
11.	Ooi Gim Chew	4,712,500	1.99
12.	Ooi Lai Hock	4,474,300	1.89
13.	Dato' Sri Koay Teng Choon	4,432,200	1.87
14.	Fang Siew Ling	3,982,500	1.68
15.	Hor Mei Seen	3,858,400	1.63
16.	Fang Siew Poh	3,431,000	1.45
17.	Lee Kim Poh	3,374,900	1.42
18.	Ong Beng Hooi	3,240,800	1.37
19.	Koay Shean Loong	3,000,000	1.27
20.	See Lam Tean @ Tan-See Lam Tean	2,212,200	0.93
21.	Maybank Securities Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Triumphant View Sdn Bhd]	2,100,000	0.89
22.	Tee Ah Swee	2,019,700	0.85
23.	JF Apex Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Teow Wooi Huat]	1,943,000	0.82
24.	Ooi Goay Choo	1,910,000	0.81
25.	Fang Siew Poh	1,906,900	0.80
26.	Tan Guik Lan	1,867,100	0.79
27.	Yow Yan Seong	1,844,900	0.78
28.	Phuah Lee Pieng	1,683,600	0.71
29.	Chai Mooi Chong	1,368,800	0.58
30.	Lee Kah Soon	1,275,000	0.54
	TOTAL	162,190,317	68.46

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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-Seventh (57th) Annual General Meeting of the Company to be held on 5 December 2019 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 Tuan Haji Abdul Hamid Bin Mohd Hassan as Director		
3	The re-election of Fang Siew Hong as Director		
4	The re-appointment of Grant Thornton as Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
5	Authority to Allot and Issue Shares in General Pursuant to Section 75 of the Companies Act, 2016		
6	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 29 November 2019 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 must be 18 years and above and 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 Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting, either by hand, post, electronic mail or fax to (605)5474363.

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.

Then fold here

AFFIX
80 SEN
STAMP
(within Malaysia)

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

1st fold here

SEAL
INCORPORATED BERHAD (4887-M)

55A Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak
Tel: 05-547 4833 Fax: 05-547 4363

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