

Progressing towards

Infinite
growth

ANNUAL REPORT 2016

SEAL
INCORPORATED BERHAD (4887-M)

CONTENTS

02	Corporate Information
03	Notice of Annual General Meeting
08	Chairman's Statement
10	Profile of Directors
14	Senior Management
15	Corporate Social Responsibility
18	Corporate Governance Statement
24	Statement on Risk Management and Internal Control
26	Audit Committee Report
28	Additional Compliance Information
29	Directors' Report
33	Directors' Statement
33	Statutory Declaration
34	Independent Auditors' Report
36	Statements of Financial Position
37	Statements of Comprehensive Income
38	Consolidated Statement of Changes in Equity
39	Statement of Changes in Equity
40	Statements of Cash Flows
42	Notes to the Financial Statements
88	Supplementary Information
89	List of Properties
91	Statement of Shareholdings
	Form of Proxy

CORPORATE INFORMATION

DIRECTORS

Tuan Haji Abdul Hamid Bin Mohd Hassan
Chairman, Executive Director

Dato' Sri Koay Teng Choon
Executive Director

Fang Siew Hong
Executive Director

Fang Pern Kok
Non-Independent Non-Executive Director

Datuk Tan Hiang Joo
Independent Non-Executive Director

Allen Chee Wai Hong
Independent Non-Executive Director

Tuan Haji Liakat Ali Bin Mohamed Ali
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman

Allen Chee Wai Hong

Members

Datuk Tan Hiang Joo
Tuan Haji Liakat Ali Bin Mohamed Ali

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

Tuan Haji Abdul Hamid Bin Mohd Hassan
Dato' Sri Koay Teng Choon
Allen Chee Wai Hong
Tuan Haji Liakat Ali Bin Mohamed Ali

NOMINATING COMMITTEE

Chairman

Fang Pern Kok

Members

Datuk Tan Hiang Joo
Allen Chee Wai Hong
Tuan Haji Liakat Ali Bin Mohamed Ali

ESOS COMMITTEE

Chairman

Tuan Haji Abdul Hamid Bin Mohd Hassan

Members

Fang Siew Hong
Tuan Haji Liakat Ali Bin Mohamed Ali

SECRETARIES

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

REGISTERED OFFICE

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

REGISTRARS

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

PRINCIPAL PLACE OF BUSINESS

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

AUDITORS

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

BANKERS

AmBank (M) Berhad
United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
CIMB Bank Berhad
Hong Leong Islamic Bank Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Fourth Annual General Meeting of Seal Incorporated Berhad (“SEAL”) will be held at Olive Tree Hotel, Olive 6 & 7, Level 6, 76 Jalan Mahsuri, 11950 Bayan Lepas, Penang, Malaysia on Tuesday, 13 December 2016 at 9.30 a.m. for the following purposes:

AGENDA

As **ORDINARY BUSINESS**:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2016, together with the Directors’ and Auditors’ Reports thereon. **(Please refer to Note 1)**
2. To approve the payment of Directors’ fees of RM144,000 for the financial year ended 30 June 2016. **(Ordinary Resolution 1)**
3. To re-elect the following Directors retiring pursuant to the Articles of Association of the Company:
 - 3.1 Fang Siew Hong **(Ordinary Resolution 2)**
 - 3.2 Dato’ Sri Koay Teng Choon **(Ordinary Resolution 3)**
4. To consider and, if thought fit, pass a resolution pursuant to Section 129(6) of the Companies Act, 1965 to re-appoint Tuan Haji Abdul Hamid bin Mohd Hassan as a Director of the Company to hold office until the next Annual General Meeting of the Company. **(Ordinary Resolution 4)**
5. To re-appoint Messrs Grant Thornton as Auditors and to authorise the Directors to fix the Auditors remuneration. **(Ordinary Resolution 5)**

As **SPECIAL BUSINESS**, to consider and, if thought fit, pass the following ordinary resolutions:

6. **Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965** **(Ordinary Resolution 6)**

“That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad, Securities Commission and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”
7. **Proposed Granting of Options to Tuan Haji Abdul Hamid bin Mohd Hassan** **(Ordinary Resolution 7)**

“That pursuant to the existing Employees’ Share Option Scheme (“ESOS”) as approved by the shareholders at the Extraordinary General Meeting held on 15 July 2010 and the approvals of all relevant authorities, if applicable, the Company and the Directors be and hereby authorised specifically to offer and to grant to Tuan Haji Abdul Hamid bin Mohd Hassan, the Executive Chairman of the Company, options to subscribe for up to a maximum of 5,387,654 new Shares in the Company pursuant to the ESOS in accordance with By-Law 4.2 and to allot and issue from time to time new Shares pursuant to the acceptance of the offer and to the exercise of such options, subject always to any adjustments which may be made in accordance with the By-Laws governing and constituting the ESOS.”
8. **Proposed Granting of Options to Dato’ Sri Koay Teng Choon** **(Ordinary Resolution 8)**

“That pursuant to the existing Employees’ Share Option Scheme (“ESOS”) as approved by the shareholders at the Extraordinary General Meeting held on 15 July 2010 and the approvals of all relevant authorities, if applicable, the Company and the Directors be and hereby authorised specifically to offer and to grant to Dato’ Sri Koay Teng Choon, an Executive Director of the Company, options to subscribe for up to a maximum of 5,387,654 new Shares in the Company pursuant to the ESOS in accordance with By-Law 4.2 and to allot and issue from time to time new Shares pursuant to the acceptance of the offer and to the exercise of such options, subject always to any adjustments which may be made in accordance with the By-Laws governing and constituting the ESOS.”

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

9. **Proposed Granting of Options to Fang Siew Hong** **(Ordinary Resolution 9)**

"That pursuant to the existing Employees' Share Option Scheme ("ESOS") as approved by the shareholders at the Extraordinary General Meeting held on 15 July 2010 and the approvals of all relevant authorities, if applicable, the Company and the Directors be and hereby authorised specifically to offer and to grant to Fang Siew Hong, an Executive Director of the Company, options to subscribe for up to a maximum of 5,387,654 new Shares in the Company pursuant to the ESOS in accordance with By-Law 4.2 and to allot and issue from time to time new Shares pursuant to the acceptance of the offer and to the exercise of such options, subject always to any adjustments which may be made in accordance with the By-Laws governing and constituting the ESOS."

10. **Proposed Granting of Options to Fang Pern Kok** **(Ordinary Resolution 10)**

"That pursuant to the existing Employees' Share Option Scheme ("ESOS") as approved by the shareholders at the Extraordinary General Meeting held on 15 July 2010 and the approvals of all relevant authorities, if applicable, the Company and the Directors be and hereby authorised specifically to offer and to grant to Fang Pern Kok, a Non-Independent Non-Executive Director of the Company, options to subscribe for up to a maximum of 3,232,593 new Shares in the Company pursuant to the ESOS in accordance with By-Law 4.2 and to allot and issue from time to time new Shares pursuant to the acceptance of the offer and to the exercise of such options, subject always to any adjustments which may be made in accordance with the By-Laws governing and constituting the ESOS."

11. **Proposed Granting of Options to Datuk Tan Hiang Joo** **(Ordinary Resolution 11)**

"That pursuant to the existing Employees' Share Option Scheme ("ESOS") as approved by the shareholders at the Extraordinary General Meeting held on 15 July 2010 and the approvals of all relevant authorities, if applicable, the Company and the Directors be and hereby authorised specifically to offer and to grant to Datuk Tan Hiang Joo, an Independent Non-Executive Director of the Company, options to subscribe for up to a maximum of 3,232,593 new Shares in the Company pursuant to the ESOS in accordance with By-Law 4.2 and to allot and issue from time to time new Shares pursuant to the acceptance of the offer and to the exercise of such options, subject always to any adjustments which may be made in accordance with the By-Laws governing and constituting the ESOS."

12. **Proposed Granting of Options to Chee Wai Hong** **(Ordinary Resolution 12)**

"That pursuant to the existing Employees' Share Option Scheme ("ESOS") as approved by the shareholders at the Extraordinary General Meeting held on 15 July 2010 and the approvals of all relevant authorities, if applicable, the Company and the Directors be and hereby authorised specifically to offer and to grant to Chee Wai Hong, an Independent Non-Executive Director of the Company, options to subscribe for up to a maximum of 3,232,593 new Shares in the Company pursuant to the ESOS in accordance with By-Law 4.2 and to allot and issue from time to time new Shares pursuant to the acceptance of the offer and to the exercise of such options, subject always to any adjustments which may be made in accordance with the By-Laws governing and constituting the ESOS."

13. **Proposed Granting of Options to Tuan Haji Liakat Ali bin Mohamed Ali** **(Ordinary Resolution 13)**

"That pursuant to the existing Employees' Share Option Scheme ("ESOS") as approved by the shareholders at the Extraordinary General Meeting held on 15 July 2010 and the approvals of all relevant authorities, if applicable, the Company and the Directors be and hereby authorised specifically to offer and to grant to Tuan Haji Liakat Ali bin Mohamed Ali, an Independent Non-Executive Director of the Company, options to subscribe for up to a maximum of 3,232,593 new Shares in the Company pursuant to the ESOS in accordance with By-Law 4.2 and to allot and issue from time to time new Shares pursuant to the acceptance of the offer and to the exercise of such options, subject always to any adjustments which may be made in accordance with the By-Laws governing and constituting the ESOS."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

14. Proposed Renewal of Share Buy Back Authority

(Ordinary Resolution 14)

"That, subject to the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM0.40 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy Back") provided that:

- i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital 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 sum of Retained Profits and/or the Share Premium Accounts 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 2016, the Retained Profits and Share Premium Accounts of the Company are as follows:

	As at 30 June 2015	As at 30 June 2016
Retained Profits	RM30,217,306	RM35,499,441
Share Premium	RM45,448,463	RM45,448,463

- 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, 1965, the provisions of the Memorandum and Articles of Association of the Company and the Main LR and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

15. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

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

Ipoh, Perak Darul Ridzuan, Malaysia
 31 October 2016

NOTES:

1. Agenda 1 is meant for discussion only as Section 169(1) of the Companies Act, 1965 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 be put forward for voting.
2. Only members whose names appear on the Record of Depositors as at 30 November 2016 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.
3. A member, other than an exempt authorised nominee, is entitled to appoint not more than two (2) proxies. A proxy may but need not be a member of the Company.
4. 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.
5. 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.
6. 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.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55A Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting. Faxed or emailed copies are not acceptable.

EXPLANATORY NOTES TO SPECIAL BUSINESS

(a) **AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

The Ordinary Resolution proposed under item 6 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 a maximum of 10% of the issued and paid up share capital of the Company. This general mandate will expire at the conclusion of the next AGM of the Company, unless revoked or varied at a general meeting.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by the shareholders on 23 November 2015. As announced on 17 October 2016, the Company will utilize the mandate that was approved last year to undertake a Proposed Private Placement of up to 10% of the issued and paid up share capital of the Company. The proceeds raised will be utilized for working capital for its property development and/or construction projects.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises, including but not limited to further placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions.

(b) PROPOSED GRANTING OF OPTIONS TO TUAN HAJI ABDUL HAMID BIN MOHD HASSAN

The Ordinary Resolution proposed under item 7, if passed, will allow the Directors to offer and grant to Tuan Haji Abdul Hamid bin Mohd Hassan, the Executive Chairman, options to subscribe for/purchase such number of ordinary shares of RM0.40 each in the Company under the existing Employees' Share Option Scheme.

(c) PROPOSED GRANTING OF OPTIONS TO DATO' SRI KOAY TENG CHOON

The Ordinary Resolution proposed under item 8, if passed, will allow the Directors to offer and grant to Dato' Sri Koay Teng Choon, an Executive Director, options to subscribe for/purchase such number of ordinary shares of RM0.40 each in the Company under the existing Employees' Share Option Scheme.

(d) PROPOSED GRANTING OF OPTIONS TO FANG SIEW HONG

The Ordinary Resolution proposed under item 9, if passed, will allow the Directors to offer and grant to Fang Siew Hong, an Executive Director, options to subscribe for/purchase such number of ordinary shares of RM0.40 each in the Company under the existing Employees' Share Option Scheme.

(e) PROPOSED GRANTING OF OPTIONS TO FANG PERN KOK

The Ordinary Resolution proposed under item 10, if passed, will allow the Directors to offer and grant to Fang Pern Kok, a Non-Independent Non-Executive Director, options to subscribe for/purchase such number of ordinary shares of RM0.40 each in the Company under the existing Employees' Share Option Scheme.

(f) PROPOSED GRANTING OF OPTIONS TO DATUK TAN HIANG JOO

The Ordinary Resolution proposed under item 11, if passed, will allow the Directors to offer and grant to Datuk Tan Hiang Joo, an Independent Non-Executive Director, options to subscribe for/purchase such number of ordinary shares of RM0.40 each in the Company under the existing Employees' Share Option Scheme.

(g) PROPOSED GRANTING OF OPTIONS TO CHEE WAI HONG

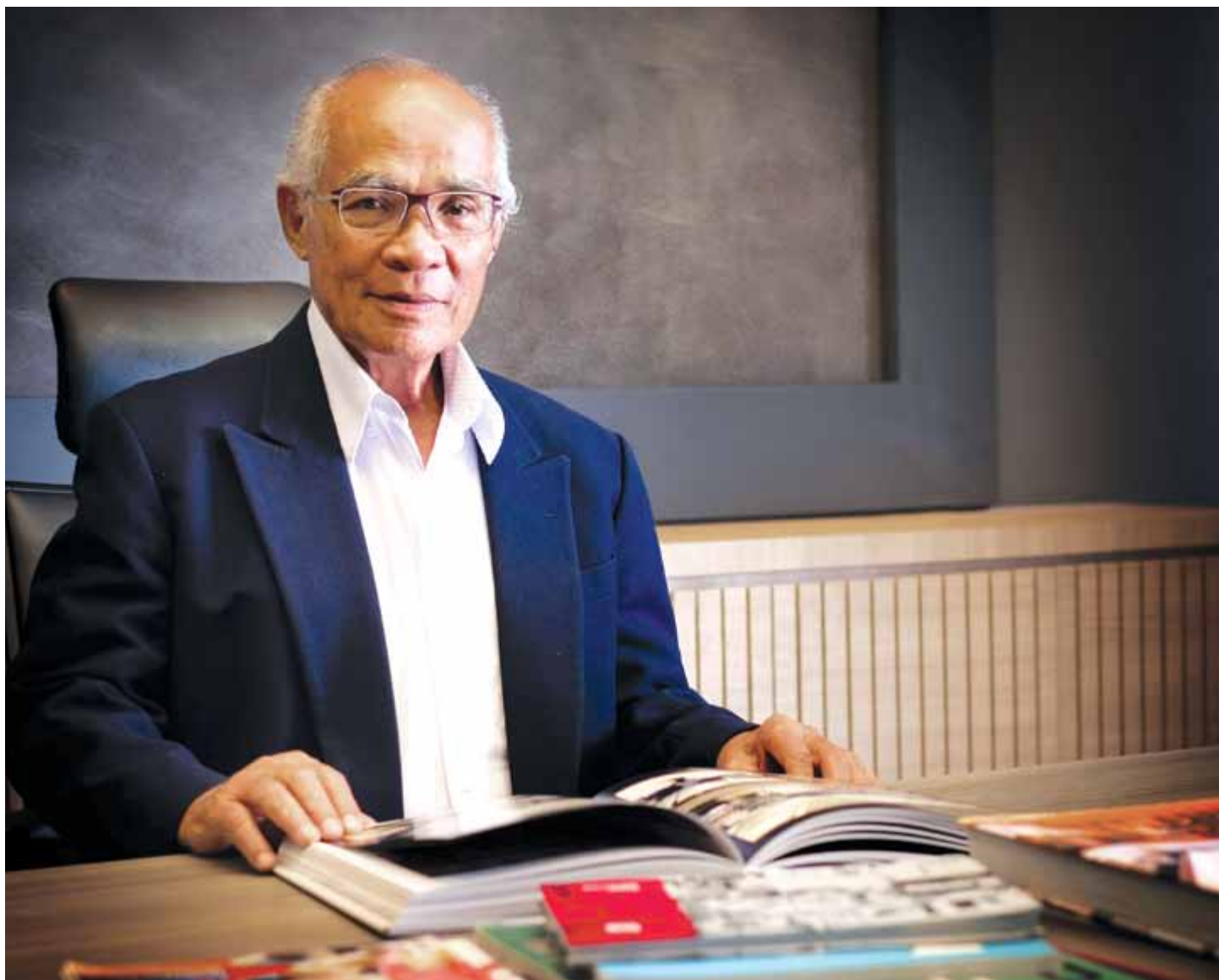
The Ordinary Resolution proposed under item 12, if passed, will allow the Directors to offer and grant to Chee Wai Hong, an Independent Non-Executive Director, options to subscribe for/purchase such number of ordinary shares of RM0.40 each in the Company under the existing Employees' Share Option Scheme.

(h) PROPOSED GRANTING OF OPTIONS TO TUAN HAJI LIAKAT ALI BIN MOHAMED ALI

The Ordinary Resolution proposed under item 13, if passed, will allow the Directors to offer and grant to Tuan Haji Liakat Ali bin Mohamed Ali, an Independent Non-Executive Director, options to subscribe for/purchase such number of ordinary shares of RM0.40 each in the Company under the existing Employees' Share Option Scheme.

(i) PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY

The Ordinary Resolution proposed under item 14, if passed, will empower the Directors to purchase the Company's shares through Bursa Malaysia Securities Berhad up to 10% of the issued and paid-up share capital of the Company. Details of the Proposed Share Buy Back is set out in the Circular to Shareholders of the Company, which is sent out together with the Company's 2016 Annual Report.



Chairman's Statement

Dear Shareholders,

Warmest Greetings from SEAL.

On behalf of the Board of Directors and the Management, it gives me great pleasure to present to you the Annual Report and Audited Financial Statements of Seal Incorporated Berhad ("SEAL" or "Group") for the financial year ended 30 June 2016.

CHAIRMAN'S STATEMENT (CONT'D)

While all the fast paced development is going on we cannot fail to notice that there is sluggishness in the economy not only at home here but globally. Intrinsically, in 2016 Malaysia's economic growth is premised primarily on expectations of modest improvement in global expansion and firm private sector spending domestically. But as the growth in downside risks have heightened due to continued global economic uncertainties brought about by drop in prices of commodities and the unending hostilities, efforts to spur growth is anything but bullish. However amidst all the gloom, Malaysia is expected to be able to achieve a growth in economy of between 4 – 4.5% overall fuelled by strong domestic demand and private sector spending.

The atmosphere in the overall property market however is a matter of concern throughout the country. The year 2016, we see a continuous drastic increase in property prices resulting in reduced transactions and stagnant market. There has no doubt been increases in land cost, cost of building materials, labour and regulatory compliances, which add to the pile.

Penang is no exception, or some even say that property prices here are the highest in the country as scarcity of land and the other contributory factors are more prevalent. So property market in Penang will continue to slow down.

Yet with all the rough waters, we in SEAL have been able to keep an even keel for most of the year focused on delivery of our products to close 2016 with decent financial results.

Financial Performance

For the financial year ended 30 June 2016 the Group recorded total revenue of RM71.7 million and a profit before tax of RM5.2 million against a revenue of RM29.2 and profit before tax of RM4.1 million in the previous financial year 2015.

Operational Review

Queensville (Phase 1) was launched and construction commenced in year 2015. It is an integrated urban development spanning over 12.5 acres of land strategically located in the heart of Bandar Sri Permaisuri in Cheras, Kuala Lumpur. The development consisting of 5 elements namely QSuite, QAVenue, QTower, QMall and QResidenz will be developed in 3 phases and scheduled to be completed in year 2022. As Project & Contract Manager, the first phase has generated approximately RM37.1 million towards the Group's revenue.

Selayang Mall continues to be the jewel in the crown contributing immensely towards the Group's health and wealth. Sustaining very high occupancy rates throughout the financial year, it has generated approximately RM20.7 million in revenue compared with RM20.1 million in the previous year. While Elit Avenue commercial lots at Bayan City (Phase 1) maintained satisfactory occupancy rate in the financial year 2016.

Corporate Development

In July 2016, a preview was held for Sapphire, an upcoming development project by Seal Properties Sdn Bhd, a wholly owned subsidiary of SEAL. This residential development is located in Batu Maung, Penang consisting of 28 units 3 storey luxury terrace and semi detached houses which offers a distinctive and conducive atmosphere and balanced lifestyles surrounded by greenery and connected to major amenities, such as second Penang Bridge, Tun Dr. Lim Chong Eu Expressway and Penang International Airport.

Future Outlooks

Although, the property market may look gloomy and is expected to recover only in year 2018, Penang remains the preferred locality for property investment, due to its unique position as a tourism hub. The Group is confident that its property segment will generate steady income and contribution for the next coming years.

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

Appreciation

On behalf of the Board, I extend my heartfelt appreciation to SEAL's family for their professionalism, dedication and efficiency thus enabling the successful conclusion of the financial year 2016.

To our shareholders, customers, business associates and regulatory authorities, my gratitude and heartfelt thanks to you for the confidence, unwavering support and assistance extended to the Group.

My fellow directors, I am grateful for your counsel, guidance and invaluable support throughout a very interesting year 2016.

I am looking forward to reporting to you on our success and progress in the coming years.

TUAN HAJI ABDUL HAMID BIN MOHD HASSAN
Chairman

Profile of Directors

SEAL



From left to right:

- Allen Chee Wai Hong • Tuan Haji Abdul Hamid Bin Mohd Hassan • Fang Siew Hong • Fang Pern Kok • Dato' Sri Koay Teng Choon
- Datuk Tan Hiang Joo • Tuan Haji Liakat Ali Bin Mohamed Ali

TUAN HAJI ABDUL HAMID BIN MOHD HASSAN

78 years of age

Male

Malaysian

Chairman, Executive Director

Chairman, ESOS Committee

Member, Remuneration 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.

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

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

PROFILE OF DIRECTORS (CONT'D)

DATO' SRI KOAY TENG CHOON

53 years of age
Male
Malaysian
Executive Director
Member, Executive Committee
Member, Remuneration Committee

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

FANG SIEW HONG

40 years of age
Female
Malaysian
Executive Director
Chairman, Executive 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 graduated with a Bachelor of Commerce, Accounting & Information Systems from Deakin University, Australia. She has gained various exposures and has extensive experience in auditing, taxation, management and planning in finance and accounts.

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

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

FANG PERN KOK

64 years of age
Male
Malaysian
Non-Independent Non-Executive Director
Chairman, Remuneration Committee
Chairman, Nominating Committee

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

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

PROFILE OF DIRECTORS (CONT'D)

DATUK TAN HIANG JOO

53 years of age
Male
Malaysian
Independent Non-Executive Director
Member, Audit Committee
Member, Nominating Committee

He was appointed to the Board on 3 October 2014. He was then appointed as a member of the Audit Committee and Nominating Committee on 24 November 2014. He holds a law degree LLB (Hons) from University of Malaya and is an advocate and solicitor with the High Court of Malaya. He has been in practice since 1989 and is a partner of Syarikat Ng & Anuar. He was a Penang Municipal Councilor from 1998 to 1999. He is the Vice President of Penang Chinese Chamber of Commerce and Chairman of the Penang Chinese Chamber of Commerce Charity Fund Committee. He is also a member of Board of Governors of Han Chiang College, Han Chiang Secondary and Primary Schools.

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

ALLEN CHEE WAI HONG

43 years of age
Male
Malaysian
Independent Non-Executive Director
Chairman, Audit Committee
Member, Remuneration Committee
Member, Nominating Committee

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

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

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

TUAN HAJI LIAKAT ALI BIN MOHAMED ALI

53 years of age
Male
Malaysian
Independent Non-Executive Director
Member, Audit Committee
Member, Remuneration Committee
Member, Nominating Committee
Member, ESOS Committee

He was appointed to the Board and the Audit Committee on 25 September 2009. He was also appointed as a member of the Remuneration Committee and Nominating Committee on even date.

He was a Penang Municipal Councilor from 2000 to 2002 and was appointed as the Treasury State UMNO Youth in 2001 and subsequently appointed as Deputy State UMNO Youth from 2002 to 2004. At the same time, he was the State Secretary of the Barisan Nasional Youth from 2001 to 2004. Currently he is the Managing Director of Pangkal Sinar Sdn. Bhd., the Public Relations Director of Systematic Conglomerate Sdn. Bhd. and the Deputy President of UMNO Bayan Baru Division.

SENIOR MANAGEMENT

The Management team is assisted by the Executive Directors and the following Senior Management:-

HONG TEIK GUAN

53 years of age
Male
Malaysian
General Manager - Property Development Division

He was appointed as General Manager for Property Development division on 20th 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 five (25) 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

42 years of age
Female
Malaysian
General Manager - Mall Management Division

She was appointed as General Manager for Mall Management division on 05th May 2015.

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

She has more than seventeen (17) years 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

46 years of age
Male
Malaysian
Assistant General Manager - Construction Division

He was appointed as Contract Manager on 20th September 2010 and promoted to Senior Manager in July 2014 and was subsequently promoted to Assistant General Manager for Construction division in July 2016.

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

He has more than eighteen (18) 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.

TAN MOOI CHENG

43 years of age
Female
Malaysian
Senior Manager - Finance and Account Division

She was appointed as Senior Manager for Finance and Accounts division on 24th November 2014.

She has more than seventeen (17) years experiences in financial and accounting industry. She is a member of Malaysian Institute of Accountants and Fellow of The Association of Chartered Certified Accountants.

Prior joining SEAL GROUP, she was with Hampshire Group as Group Accountant and Director for the IT division. She was responsible for the group financial activities for property division, US motor car automotive division and mobile apps development. Prior to Hampshire Group, she was with Ideal Properties, a property development company as a Group Accountant and Golden Frontier Berhad as Head of Internal Audit.

Corporate Social Responsibility



Corporate Social Responsibility ("CSR") which stems from fundamental principles of good corporate governance is important in pursuing of harmonious synergy between corporate and social obligations. To achieve sustainable corporate success, it requires the highest standard of corporate behaviour including measuring up to the public expectations on corporate governance, environmental and social responsibilities. Seal Incorporated Berhad ("Seal") acknowledges that a good corporate governance framework, environmental responsible practices and sound social policies would enable Seal to achieve sustainable growth and to enhance long-term value for its shareholders.



In the harsh environment, the Pelican with care and devotion selflessly nurtures its young offspring has inspired Seal to be a good and responsible corporate citizen by bringing hope and making a difference in the lives that are touched. 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 shall continue to be adopted and applied by Seal as a socially responsible citizen of the business community.

"Hope is being able to see that there is light despite all of the darkness." – Desmond Mpilo Tutu, South African social rights activist.

Community

It is a symbiosis between a company and the community in which a company needs the community to sustain its businesses. In recognition of the importance of contribution to the community, Seal continues to play an active role by conducting community welfare programme to address the needs of the charity homes, shelters and community centers. To foster team spirit and volunteerism amongst the employees, Seal organised visitation and fun-filled activities to charity homes, shelters and community centers. Seal's employees also contribute in terms of cash or in kind.



Apart from contributions made to various charity homes, shelters and community centers, Seal provides financial assistance to underprivileged students through the Back to School Programme. The financial assistance include purchase of reference books, school uniforms, shoes, other school necessities for low income families, meal sponsorship, organising motivational talks or activities that bring positive impact on their learning development.

CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

Environment

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

Prevention of wastage and promote environmental friendly awareness among its employees, Seal has adopted a green policy by educating its employees to adopt environmental-friendly approach towards daily operations. Several practices have been put in practice to instill recycling habit on its employees. The practices include recycling paper, documents to be printed on double-sided to reduce usage of paper and documents circulated through electronic communication channels to be printed when necessary. Apart from recycling policy, simple energy saving methods were introduced to its employees such as switching off non-essential equipment, lighting, electrical devices or air-condition when non-usage.

"To waste, to destroy our natural resources, to skin and exhaust the land instead of using it so as to increase its usefulness, will result in undermining in the days of our children the very prosperity which we ought by right to hand down to them amplified and developed." – Theodore Roosevelt



Market Place

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

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

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

CORPORATE SOCIAL RESPONSIBILITY (CONT'D)



Workplace

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

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



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

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") acknowledges and continues to reinforce the importance of good corporate governance for long term sustainable business growth. The Board is committed to ensuring that the highest standards of corporate governance are practiced throughout Seal Incorporated Berhad and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities to safeguard shareholders' investments and protect the interests of all stakeholders. The Board is pleased to present this statement which narrates how the Group has applied the principles and extent of compliance with the recommendations as set out in the Malaysian Code on Corporate Governance 2012.

A. BOARD OF DIRECTORS

Roles and Responsibilities of the Board

The Board is primarily responsible for the overall governance of the Group and actively play its role in setting and leading the long term direction and corporate strategy of the Group in order to enhance shareholders' value.

Generally, the Executive Directors are responsible for the day-to-day management of the Group's business, implementation of the Board's policies and making operational decisions while the Non-Executive Directors contribute their knowledge and experience in business strategic plans.

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

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

Board Composition and Independence

The Board, as at the date of this statement, consists of seven (7) members, made up of three (3) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. Together, the Board has a balanced composition of Executive and Non-Executive Directors where no individual or small group of individuals can dominate the Board's decision making. The Board complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") which requires that at least two Directors or one-third of the Board of the Company, whichever is higher, are Independent Directors. The Board also adopts the gender diversity policy with Miss Fang Siew Hong being a member of the Board as such diversification would enlarge the pool of skills, talents, perspectives and ideas within the Board.

The Board comprises members from diverse backgrounds ranging from accounting, finance, banking, legal, property sector and public service, all of which provide the Group with a wealth of expertise, experiences and networks to draw upon. This combination of different professionals and skills provide much insight and a diversity of perspectives to lead and guide the Group in an increasingly complex and competitive business environment.

The profiles of the Directors are set out in pages 10 to 13 of this Annual Report.

The Board is mindful that the Chairman, Tuan Haji Abdul Hamid Bin Mohd Hassan, is an Executive Director of the Board. However, the presence of sufficient Independent Directors on the Board who provides unbiased views, advice and judgment plays a pivotal role in ensuring that there is enough check and balance and corporate accountability. Moreover, the Chairman's vast experience in the taxation field would enable him to provide the Board with relevant real life cases and knowledge to proper manage the Group.

Board Charter

The Board has formalized and adopted a Board Charter which sets out the composition, roles and responsibilities and processes of the Board. The Board will review the Board Charter as and when required to ensure compliance with the regulations. The Board Charter is available in the Company's website (www.sib.com.my).

CORPORATE GOVERNANCE STATEMENT (CONT'D)

A. BOARD OF DIRECTORS (CONT'D)

Formalised Ethical Standards through Code of Conduct

The Group has established a Code of Ethics and a Code of Conduct which sets out the principles and standard of business ethics and conduct of the Group. The code serves as a road map to help guide actions and behaviours while working and dealing with the Group to maintain high standards of business ethics and encourage performance with integrity.

In addition to that, the Group has also established a Whistle-Blowing Policy in line with the Group's commitment to honesty and transparency, providing a mechanism for employees, Directors or any persons to report genuine concerns relating to any malpractice or improper conduct of the Group's businesses.

Board Meetings

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

The Board has met for a total of five (5) times during the financial year ended 30 June 2016. All Directors have fulfilled the Main Market Listing Requirements ("MMLR") in relation to their attendance at Board Meetings. Details of attendance of Directors at the Board Meetings are as follows:

Name of Directors	Number of Meetings held in financial year during Director's tenure in office	Number of Meetings Attended
Tuan Haji Abdul Hamid Bin Mohd Hassan	5	4
Dato' Sri Koay Teng Choon	5	4
Fang Siew Hong	5	5
Fang Pern Kok	5	5
Datuk Tan Hiang Joo	5	5
Allen Chee Wai Hong	5	5
Tuan Haji Liakat Ali Bin Mohamed Ali	5	5

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

Supply of Information

The Board members have unrestricted access to timely and accurate information with the Group. Board papers with sufficient notice are circulated to Directors before Board meetings to enable the Directors to peruse through and have the opportunity to seek additional information, obtain further explanation and clarification on the matters to be discussed.

The Board papers provide information on both financial and operation results, corporate developments, corporate announcements released to Bursa Securities, policies and procedures, acquisitions and disposals proposals, if any, and any other important matters which require the Boards attention and direction.

Qualified and Competent Company Secretary

All Directors have access to the advice and services of qualified Company Secretaries on matters relating to their roles and responsibilities. Company Secretaries support the Board by providing updates on new statutory and regulatory requirements, as well as ensuring adherence to Board policies and procedures.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

A. BOARD OF DIRECTORS (CONT'D)

Directors' Training

The Directors recognise the need to develop and update themselves and the Company provides a dedicated training budget for Directors' continuing education. Relevant training programmes are arranged by the Management. All the Directors of the Company have completed the Mandatory Accreditation Programmes as prescribed by the Listing Requirements of Bursa Securities.

The Directors have undergone the following training programmes during the financial year ended 30 June 2016:

- a) Managing Boardroom Dynamics In Turbulent Times
- b) Risk Management & Internal Control Workshop
- c) Mission Impossible of Strata Management Act and Regulations

The Directors will continue to undergo training and other relevant programmes to further enhance their skills and knowledge where relevant.

Board Committees

The Board of Directors has delegated specific responsibilities to several committees, namely the Audit Committee, Executive Committee, Nominating Committee and Remuneration Committee to assist in the execution of its duties and responsibilities. These Committees operate within their respective defined terms of reference approved and specific authority delegated by the Board.

Appointments to the Board

The Nominating Committee was formed on 22 August 2002 to ensure effective director selection processes and appropriate structure for management development. The main activities carried out by Nominating Committee during the financial year under review are as follows:

- a) reviewed and assessed the performance of each individual director and also the independence of Independent Directors;
- b) reviewed and assessed the effectiveness of the Audit Committee and the Board as a whole;
- c) reviewed the relevant mix of skills, experience, gender diversity and other qualities, including core competencies which the directors should bring to the Board;
- d) assessed and recommended to the Board for re-election of the Directors who are due for retirement and re-appointment of the Directors who is over the age of seventy (70) years at the forthcoming AGM;
- e) discussed orientation and education programme needed for Directors

In the process of nomination and annual assessment of the Board, the Nominating Committee will consider, inter-alia, skill, knowledge, expertise and experience professionalism, sound judgement, diversity of gender, commitment, caliber, integrity and credibility of the candidates in discharging the role as Director and in meeting the needs of the Company.

The members of the Nominating Committee during the year, composed exclusively of Non-Executive Directors, were as follows:

Name of members

Fang Pern Kok	- Non-Independent Non-Executive Director (Chairman)
Datuk Tan Hiang Joo	- Independent Non-Executive Director (Member)
Allen Chee Wai Hong	- Independent Non-Executive Director (Member)
Tuan Haji Liakat Ali Bin Mohamed Ali	- Independent Non-Executive Director (Member)

The Nominating Committee shall meet at least once a year and as and when deemed necessary. One meeting was held during the financial year ended 30 June 2016. The annual assessments of each individual Director, Independent Directors, retiring Directors and the Board as a whole have been documented and noted.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

A. BOARD OF DIRECTORS (CONT'D)

Re-appointment and Re-election of Directors

In accordance with the Articles of Association of the Company, an election of Directors shall take place every year and all Directors shall retire from office once at least in every 3 years. In addition, a Director who attains the age of 70 retires at every Annual General Meeting pursuant to the Companies Act, 1965.

B. DIRECTORS' REMUNERATION

The members of the Remuneration Committee during the year, composed mainly of Non-Executive Directors, were as follows:

Name of members

Fang Pern Kok	- Chairman, Non-Independent Non-Executive Director
Tuan Haji Abdul Hamid Bin Mohd Hassan	- Member, Executive Director
Dato' Sri Koay Teng Choon	- Member, Executive Director
Allen Chee Wai Hong	- Member, Independent Non-Executive Director
Tuan Haji Liakat Ali Bin Mohamed Ali	- Member, Independent Non-Executive Director

The Remuneration Committee shall meet at least once a year and as and when deemed necessary. One meeting was held during the financial year ended 30 June 2016.

Fees payable to the Directors are recommended by the Board with the approval from shareholders at the Annual General Meeting.

Generally, the remuneration package will be structured according to the skills, experience and performance of Executive Directors to ensure the Group attracts and retains the Directors needed to run the Group successfully, whereas the remuneration package of Non-Executive Directors is reflective of their experience and level of responsibilities, which is determined collectively by the Board. Individual Directors do not participate in the decisions regarding their individual remuneration.

Details of Directors' Remuneration received and/or receivable for the financial year ended 30 June 2016 are as follows:

	Executive Directors RM	Non-Executive Directors RM	Total RM
Group			
Fees	–	144,000	144,000
Salaries & Other Emoluments	546,350	–	546,350
Employees Provident Fund	55,060	–	55,060
Total	601,410	144,000	745,410
Company			
Fees	–	144,000	144,000
Salaries & Other Emoluments	454,000	–	454,000
Employees Provident Fund	55,060	–	55,060
Total	509,060	144,000	653,060

CORPORATE GOVERNANCE STATEMENT (CONT'D)

B. DIRECTORS' REMUNERATION (CONT'D)

The number of Directors of the Company whose total remuneration falls within the following bands for the year ended 30 June 2016 is as follows:

Range	Group		Company	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Below RM50,000	–	4	–	4
RM50,001-RM100,000	2	–	1	–
RM400,001-RM450,000	–	–	1	–
RM450,001-RM500,000	1	–	–	–

C. RELATIONS WITH SHAREHOLDERS AND INVESTORS

Dialogue between Company and Investors

The Group recognises and values the importance of effective and clear communication to its shareholders as well as to potential investors and the public. The Group practices the highest standard of transparency and accountability in its communication and disclosure of pertinent information relating to the Group. This is achieved through timely announcements and disclosures made to Bursa Securities during the year, including the release of financial results on a quarterly basis and other circulars to shareholders. Seal Incorporated Berhad's website at www.sib.com.my also provides an avenue for shareholders, investors and members of the public to access information pertaining to the Group, which is updated regularly. The Group has also adopted a Shareholder Communication Policy to practice high quality, ongoing dialogue and communication with its shareholders in order to build trust and understanding in the relationship between the Company and its shareholders.

Annual General Meeting

The Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) are the principle forums for dialogue and communication with shareholders. The notice of meetings is sent out to the shareholders at least twenty-one (21) days before the date of the meeting in accordance with the Company's Articles of Association.

The Board presents an overview of the Group's business strategy, performance and major developments at each AGM. Shareholders are encouraged to participate in the question and answer sessions. The Board members, senior management and the Group's external auditors as well as relevant advisors are available to respond to shareholders' queries during the general meetings.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements to the shareholders, the Board has taken reasonable steps to ensure a clear, balanced and understandable assessment of the Group's financial position and prospects.

The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and the quality of its financial reporting to ensure accuracy and authenticity of the reporting.

Corporate Disclosure Policy

The Group has on the recommendation of the Malaysian Code on Corporate Governance 2012, adopted the Corporate Disclosure Policy to ensure accurate, comprehensive and timely dissemination of information to shareholders and investors as they are critical towards building and maintaining corporate credibility and investor confidence.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

D. ACCOUNTABILITY AND AUDIT (CONT'D)

Directors' Responsibility Statement

The Board is responsible for ensuring the financial statements of the Group and of the Company are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance and cash flows for the financial year then ended. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to financial statements accordingly.

Relationship with the Auditors

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

E. RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound system of internal controls which includes financial controls, operational and compliance controls and risk management to safeguard shareholders' interest and the Company's assets. The Statement on Risk Management and Internal Control is set out on pages 24 to 25 of this Annual Report.

COMPLIANCE STATEMENT

The Group has substantially complied with the Principles and Best Practice and Recommendations of Malaysian Code on Corporate Governance 2012.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

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

RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

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

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

RISK MANAGEMENT

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

INTERNAL AUDIT

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

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

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL

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

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

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the 2016 Annual Report. This Statement is reviewed in accordance with Recommended Practice Guide 5 (Revised) issued by the Malaysian Institute of Accountants. The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal control.

CONCLUSION

The Board has received assurance from Executive Directors that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to 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 2016. 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 4 October 2016.

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 2016, there are total of five (5) audit committee meetings were held and the details of the attendance of each member of the committee are tabulated below:

Name of Members		Number of Meetings Attended
Allen Chee Wai Hong	Chairman, Independent Non-Executive Director	5 out of 5
Datuk Tan Hiang Joo	Member, Independent Non-Executive Director	5 out of 5
Tuan Haji Liakat Ali Bin Mohamed Ali	Member, Independent Non-Executive Director	5 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:

- reviewed and discussed with external auditors significant accounting and auditing issues and the resultant audited financial statements arising from the audit. The Audit Committee also had three private discussions with the external auditors without the presence of management and executive board members on 24 August 2015, 1 October 2015 and 23 May 2016, 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 23 May 2016 on the scope of work and audit plan of the Group for the financial year ended 30 June 2016, 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;
- reviewed and approved internal audit plan for the financial year 2016 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;
- reviewed the performance and effectiveness of internal audit function at the meeting on 22 February 2016, including assessment of suitability and independence in performing its obligations;
- reviewed the annual and quarterly financial statements and make recommendation to the Board for approval of the same, focusing on compliance with Listing Requirements of Bursa Malaysia Securities Berhad, financial reporting standards and other legal requirement; and
- reviewed and recommended the Statement on Risk Management and Internal Control for inclusion in Annual Report 2016.

AUDIT COMMITTEE REPORT (CONT'D)

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

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 shareholder 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	99,500	35,000
Non-Audit Fees	5,500	5,500

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 2016

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 2016**.

PRINCIPAL ACTIVITIES

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

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	<u>2,836,972</u>	<u>5,282,135</u>
Attributable to:		
Owners of the Company	3,595,872	5,282,135
Non-controlling interests	<u>(758,900)</u>	<u>–</u>
	<u>2,836,972</u>	<u>5,282,135</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **30 June 2016** have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

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

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

TREASURY SHARES

During the financial year, the Company repurchased 70,000 of its issued ordinary shares from the open market at an average price of RM0.49 per share for a total consideration of RM34,198. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 30 June 2016, the Company held a total of 5,892,500 treasury shares out of its 221,402,684 issued ordinary shares. The treasury shares are held at a carrying amount of RM2,163,921 and further relevant details are disclosed in Note 17 to the financial statements.

DIRECTORS' REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

EMPLOYEES' SHARE OPTION SCHEME

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 Employees' Share Option Scheme ("ESOS") with duration of ten years from the effective date.

As at 30 June 2016, no options were granted.

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

DIRECTORS

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

Tuan Haji Abdul Hamid Bin Mohd Hassan
Dato' Sri Koay Teng Choon
Fang Siew Hong
Fang Pern Kok
Datuk Tan Hiang Joo
Chee Wai Hong
Tuan Haji Liakat Ali Bin Mohamed Ali

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:

	← Number of ordinary shares of RM0.40 each →			
	At 1.7.2015	Bought	Sold	At 30.6.2016
The Company				
Direct Interest:				
Dato' Sri Koay Teng Choon	21,894,200	–	–	21,894,200
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
¹ Fang Pern Kok	26,238,000	177,300	–	26,415,300

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.

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' REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

DIRECTORS' BENEFITS

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

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or 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.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts, and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

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

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

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

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 39 to the financial statements.

AUDITORS

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

Signed in accordance with a resolution of the directors:

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

Penang,

Date: 4 October 2016

.....
Fang Siew Hong

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

In the opinion of the directors, the financial statements set out on pages 36 to 87 are properly drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **30 June 2016** and of their financial performance and cash flows for the financial year then ended.

In the opinion of the directors, the supplementary information set out on page 88 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors:

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

.....
Fang Siew Hong

Date: 4 October 2016

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 36 to 87 and the supplementary information set out on page 88 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 **4th**)
day of **October 2016**.)

.....
Fang Siew Hong

Before me,

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEAL INCORPORATED BERHAD

Report on the Financial Statements

We have audited the financial statements of **Seal Incorporated Berhad**, which comprise the statements of financial position as at **30 June 2016** 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 a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 87.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at **30 June 2016** and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act,
- (b) We have considered the accounts of subsidiaries of which we have not acted as auditors which is indicated in Note 7 to the financial statements,
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF SEAL INCORPORATED BERHAD

Other Reporting Responsibilities

The supplementary information set out page 88 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Grant Thornton
No. AF: 0042
Chartered Accountants

Date: 4 October 2016

Penang

John Lau Tiang Hua, DJN
No. 1107/03/18 (J)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2016

		GROUP		COMPANY	
	NOTE	2016 RM	2015 RM	2016 RM	2015 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	2,386,183	2,147,447	276,616	295,273
Investment properties	5	51,948,566	51,948,566	1,494,327	1,494,327
Land held for development	6	17,514,285	17,487,200	17,514,285	17,487,200
Investment in subsidiaries	7	–	–	43,274,390	12,104,386
Other investments	8	–	19,298,625	–	19,298,625
Timber concession	9	16,761,141	19,442,427	7,058,654	8,330,890
		<u>88,610,175</u>	<u>110,324,265</u>	<u>69,618,272</u>	<u>59,010,701</u>
Current assets					
Property development costs	10	108,139,834	87,372,194	–	–
Inventories	11	30,791,932	28,224,081	–	282,372
Trade receivables	12	29,076,210	13,154,510	664,849	698,992
Other receivables	13	57,617,701	61,444,038	240,061	283,599
Amount due from subsidiaries	14	–	–	90,754,306	98,971,989
Current tax assets		2,521,399	1,453,265	–	–
Other investments	8	21,550,484	37,481,178	11,013,280	10,298,450
Deposits with licensed banks	15	46,078,709	42,051,618	5,966,783	2,801,504
Cash and bank balances		4,154,795	3,845,388	703,483	1,031,680
		<u>299,931,064</u>	<u>275,026,272</u>	<u>109,342,762</u>	<u>114,368,586</u>
TOTAL ASSETS		<u>388,541,239</u>	<u>385,350,537</u>	<u>178,961,034</u>	<u>173,379,287</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	88,561,074	88,561,074	88,561,074	88,561,074
Share premium		45,448,463	45,448,463	45,448,463	45,448,463
Treasury shares	17	(2,163,921)	(2,129,723)	(2,163,921)	(2,129,723)
Reserves	18	(955,163)	(952,216)	352,940	352,940
Retained profits	19	110,307,925	106,712,053	35,499,441	30,217,306
		241,198,378	237,639,651	167,697,997	162,450,060
Non-controlling interests		65,257,420	66,016,320	–	–
Total equity		<u>306,455,798</u>	<u>303,655,971</u>	<u>167,697,997</u>	<u>162,450,060</u>
Non-current liabilities					
Borrowings	20	23,451,822	35,254,552	–	–
Deferred tax liabilities	21	–	6,000	–	–
		<u>23,451,822</u>	<u>35,260,552</u>	<u>–</u>	<u>–</u>
Current liabilities					
Gross amount due to customers on contracts	22	2,695,750	–	–	–
Trade payables	23	13,449,580	8,745,086	226,094	368,418
Progress billings in respect of property development		–	531,876	–	–
Other payables	24	23,539,989	23,846,602	5,298,551	5,398,218
Amount due to subsidiaries	14	–	–	5,300,292	5,143,591
Borrowings	20	18,339,450	12,995,550	–	–
Current tax liabilities		608,850	314,900	438,100	19,000
		<u>58,633,619</u>	<u>46,434,014</u>	<u>11,263,037</u>	<u>10,929,227</u>
Total liabilities		<u>82,085,441</u>	<u>81,694,566</u>	<u>11,263,037</u>	<u>10,929,227</u>
TOTAL EQUITY AND LIABILITIES		<u>388,541,239</u>	<u>385,350,537</u>	<u>178,961,034</u>	<u>173,379,287</u>

The notes set out on pages 42 to 87 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	NOTE	GROUP		COMPANY	
		2016 RM	2015 RM	2016 RM	2015 RM
Revenue	25	71,680,901	29,189,952	22,902,728	30,161,856
Direct operating costs	26	(58,326,908)	(13,536,283)	(15,420,822)	(13,589,093)
Gross profit		13,353,993	15,653,669	7,481,906	16,572,763
Other income	27	4,170,384	3,251,687	3,177,220	3,543,039
Administrative expenses		(11,136,565)	(14,515,797)	(3,454,961)	(4,709,320)
Operating profit		6,387,812	4,389,559	7,204,165	15,406,482
Finance costs		(1,170,285)	(290,664)	(164,381)	(152,606)
Profit before tax	28	5,217,527	4,098,895	7,039,784	15,253,876
Tax expense	29	(2,380,555)	(10,814,742)	(1,757,649)	(9,192,621)
Profit/(Loss) for the financial year		2,836,972	(6,715,847)	5,282,135	6,061,255
Other comprehensive (loss)/income, net of tax					
Item that will be reclassified subsequently to profit or loss:					
Net (loss)/gain on available-for-sale financial assets					
- (Loss)/Gain on fair value changes		(682)	23,818	-	-
- Transfer to profit or loss upon disposal		(2,265)	-	-	-
Other comprehensive (loss)/income for the financial year		(2,947)	23,818	-	-
Total comprehensive income/(loss) for the financial year		2,834,025	(6,692,029)	5,282,135	6,061,255
Profit/(Loss) attributable to:					
Owners of the Company		3,595,872	(5,523,314)	5,282,135	6,061,255
Non-controlling interests		(758,900)	(1,192,533)	-	-
		2,836,972	(6,715,847)	5,282,135	6,061,255
Total comprehensive income/(loss) attributable to:					
Owners of the Company		3,592,925	(5,509,472)	5,282,135	6,061,255
Non-controlling interests		(758,900)	(1,182,557)	-	-
		2,834,025	(6,692,029)	5,282,135	6,061,255
Earnings/(Losses) per share attributable to owners of the Company (sen)					
- Basic	30	1.67	(2.56)		
- Diluted	30	-	-		

The notes set out on pages 42 to 87 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE	Attributable to owners of the Company						
	Share Capital RM	Share Premium RM	Treasury Shares RM	Reserves RM	Retained Profits RM	Total RM	Non-controlling Interests RM
2016							
Balance at beginning	88,561,074	45,448,463	(2,129,723)	(952,216)	106,712,053	237,639,651	66,016,320
Total comprehensive income for the financial year	-	-	-	(2,947)	3,595,872	3,592,925	(758,900)
Transaction with owners: Purchase of treasury shares	-	-	(34,198)	-	-	(34,198)	-
Balance at end	88,561,074	45,448,463	(2,163,921)	(955,163)	110,307,925	241,198,378	65,257,420
2015							
Balance at beginning	88,561,074	45,448,463	(2,093,170)	342,045	112,235,367	244,493,779	85,740,774
Total comprehensive loss for the financial year	-	-	-	13,842	(5,523,314)	(5,509,472)	(1,182,557)
Transactions with owners: Purchase of treasury shares	-	-	(36,553)	-	-	(36,553)	-
Dividends to non-controlling interests of a subsidiary	-	-	-	-	-	-	(18,620,000)
Premium paid on acquisition of subsidiaries from non-controlling interests	-	-	-	(1,308,103)	-	(1,308,103)	78,103
Total transactions with owners	-	-	(36,553)	(1,308,103)	-	(1,344,656)	(18,541,897)
Balance at end	88,561,074	45,448,463	(2,129,723)	(952,216)	106,712,053	237,639,651	66,016,320

The notes set out on pages 42 to 87 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

		Share Capital RM	Share Premium RM	Treasury Shares RM	Reserves RM	Retained Profits RM	Total Equity RM
NOTE							
	2016						
	Balance at beginning	88,561,074	45,448,463	(2,129,723)	352,940	30,217,306	162,450,060
	Net profit, representing total comprehensive income for the financial year	-	-	-	-	5,282,135	5,282,135
	Transaction with owners:						
	Purchase of treasury shares	-	-	(34,198)	-	-	(34,198)
	Balance at end	88,561,074	45,448,463	(2,163,921)	352,940	35,499,441	167,697,997
	2015						
	Balance at beginning	88,561,074	45,448,463	(2,093,170)	352,940	24,156,051	156,425,358
	Net profit, representing total comprehensive income for the financial year	-	-	-	-	6,061,255	6,061,255
	Transaction with owners:						
	Purchase of treasury shares	-	-	(36,553)	-	-	(36,553)
	Balance at end	88,561,074	45,448,463	(2,129,723)	352,940	30,217,306	162,450,060

The notes set out on pages 42 to 87 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	5,217,527	4,098,895	7,039,784	15,253,876
Adjustments for:				
Bad debts	–	27,675	–	27,675
Depreciation	433,513	397,220	48,610	75,918
Dividend income	(1,652,715)	(1,986,973)	(967,298)	(10,295,336)
Gain on redemption of investment in unit trusts	(94)	(69,389)	–	–
Impairment loss on a trade receivables	–	135,124	–	135,124
Interest expense	1,170,285	290,664	164,381	152,606
Interest income	(1,856,274)	(1,614,771)	(2,179,299)	(1,998,974)
Inventories written off	282,372	–	282,372	–
Loss on disposal of property, plant and equipment	–	31,383	–	2,300
Net fair value adjustment on available-for-sale financial assets	(2,265)	–	–	–
Property, plant and equipment written off	2,855	303,721	–	112,554
Timber concession cost recognised	2,544,616	157,328	1,135,566	157,328
Timber concession written off	136,670	–	136,670	–
Operating profit before working capital changes	6,276,490	1,770,877	5,660,786	3,623,071
Increase in land held for development	(27,085)	(25,853)	(27,085)	(25,853)
Increase in property development costs	(20,093,494)	(42,853,021)	–	–
Increase in gross amount due to customers on contracts	2,695,750	–	–	–
Decrease in progress billings	(531,876)	(2,818,561)	–	–
(Increase)/Decrease in inventories	(2,850,223)	(2,270,790)	–	(262,213)
(Increase)/Decrease in receivables	(12,018,266)	26,576,255	77,681	(338,991)
Increase/(Decrease) in payables	4,320,784	(21,034,033)	(241,991)	195,431
Net change in subsidiaries' balances	–	–	(966,179)	(773,557)
Cash (used in)/generated from operations	(22,227,920)	(40,655,126)	4,503,212	2,417,888
Income tax paid	(3,215,444)	(18,470,765)	(1,338,549)	(2,114,000)
Income tax refunded	54,705	150,723	–	90,379
Interest paid	(1,844,431)	(575,578)	(7,680)	(152,606)
Net cash (used in)/from operating activities	(27,233,090)	(59,550,746)	3,156,983	241,661

The notes set out on pages 42 to 87 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Net cash (used in)/from operating activities	(27,233,090)	(59,550,746)	3,156,983	241,661
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of shares from non-controlling interests	–	(1,230,000)	–	(1,230,000)
Dividends received	1,579,000	1,986,973	967,298	10,295,336
Interest received	1,800,873	1,558,347	2,128,710	1,947,177
Investment in subsidiaries	–	–	(4)	(2,549,796)
Net change in subsidiaries' balances	–	–	(21,986,138)	(16,998,896)
Proceeds from disposal of property, plant and equipment	–	17,501	–	70,951
Proceeds from redemption of unit trusts	37,502,446	71,707,143	10,783,795	17,724,537
Purchase of short term investments	(11,200,000)	(93,114,624)	(1,200,000)	(28,022,987)
* Purchase of property, plant and equipment	(169,104)	(693,653)	(29,953)	(50,729)
(Payment)/Reversal of timber concession costs	–	(1,107,150)	–	4,227
Withdrawal of funds from Institutional Trust Account	9,000,000	8,863,875	9,000,000	8,863,875
Net cash from/(used in) investing activities	38,513,215	(12,011,588)	(336,292)	(9,946,305)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to non-controlling interests of a subsidiary	–	(18,620,000)	–	–
Drawdown of factoring	4,511,975	–	–	–
Drawdown of term loans	1,650,000	56,200,000	–	–
Repayment of term loans	(12,921,208)	(9,562,428)	–	–
Repayment of finance lease liabilities	(205,597)	(169,361)	–	–
Purchase of treasury shares	(34,198)	(36,553)	(34,198)	(36,553)
Net cash (used in)/from financing activities	(6,999,028)	27,811,658	(34,198)	(36,553)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
	4,281,097	(43,750,676)	2,786,493	(9,741,197)
CASH AND CASH EQUIVALENTS AT BEGINNING				
	43,956,783	87,707,459	2,044,497	11,785,694
CASH AND CASH EQUIVALENTS AT END				
	48,237,880	43,956,783	4,830,990	2,044,497
Cash and cash equivalents are represented by:				
Deposits with licensed banks	44,083,085	40,111,395	4,127,507	1,012,817
Cash and bank balances	4,154,795	3,845,388	703,483	1,031,680
	48,237,880	43,956,783	4,830,990	2,044,497
* Purchase of property, plant and equipment				
Total acquisition cost	675,104	825,653	29,953	50,729
Acquisition under finance lease	(506,000)	(132,000)	–	–
Total cash acquisition	169,104	693,653	29,953	50,729

The notes set out on pages 42 to 87 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

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 4 October 2016.

Principal Activities

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of Measurement (Cont'd)

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

2.3 Functional and Presentation Currency

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

2.4 Standards Issued But Not Yet Effective

2.4.1 Malaysian Financial Reporting Standards

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

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

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

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

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

The Group and the Company have not completed their quantification of the financial effects of the differences between FRS and accounting standards under the MFRS Framework and are in the process of assessing the financial effects of the differences. Accordingly, the financial performance and financial position as disclosed in these financial statements for the financial year ended 30 June 2016 could be different if prepared under the MFRS Framework.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

2. BASIS OF PREPARATION (CONT'D)

2.4 Standards Issued But Not Yet Effective (Cont'd)

2.4.2 FRS and Amendments to FRS Issued But Not Yet Effective

The Group and the Company have not applied the following standards that have been issued by the MASB but are not yet effective for the Group and the Company:

Effective for annual periods beginning on or after 1 January 2016

FRS 14 *Regulatory Deferral Accounts*

Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*

Amendments to FRS 7 *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*

Amendments to FRS 10 *Consolidated Financial Statements*, FRS 12 *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*

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

Amendments to FRS 101, *Presentation of Financial Statements - Disclosure Initiative*

Amendments to FRS 116 *Property, Plant and Equipment* and FRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to FRS 119 *Employee Benefits (Annual Improvements 2012-2014 Cycle)*

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

Amendments to FRS 134 *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

Effective for annual periods beginning on or after 1 January 2017

Amendments to FRS 107 *Statement of Cash Flows - Disclosure Initiative*

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

Effective for annual periods beginning on or after 1 January 2018

FRS 9 *Financial Instruments (2014)*

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

Effective date yet to be confirmed

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

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

The Group's and the Company's financial statements for annual period beginning on 1 July 2018 will be prepared in accordance with the MFRS Framework issued by the MASB and International Financial Reporting Standards. As a result, the Group and the Company will not be adopting standards that are effective for annual periods beginning on or after 1 January 2018.

2.5 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

2.5.1 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.

2.5.2 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) Useful lives of depreciable assets

The depreciable costs of plant and machinery are allocated on the straight line basis over their estimated useful lives. Management estimates the useful lives of the plant and machinery to be within 5 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and machinery thereby affecting future depreciation charges.

(ii) Impairment of loans and receivables

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

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

(iii) Property development

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

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

(iv) Construction contracts

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

2.5.2 Key sources of estimation uncertainty (Cont'd)

(v) Inventories

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

(vi) Timber concession

Timber concession costs charged to profit or loss are based on quantity of timber extracted over the estimated quantity of timber available for extraction.

Significant judgement is required in determining the total estimated quantity of timber available for extraction. In making the judgement, the Group and the Company evaluate based on past experience and by relying on the work of specialists.

(vii) Income taxes

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of Consolidation

(i) Subsidiaries

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of Consolidation (Cont'd)

(ii) Business combination

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

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

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

(v) Non-controlling interests

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

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%
Electrical installation	10%

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.

Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is derived based on directors' valuation by reference to the existing market condition.

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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (Cont'd)

Finance lease (Cont'd)

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

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

Operating lease

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

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

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

3.5 Land Held for Development and Property Development Costs

Land held for development

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

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

Property development costs

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Construction Contracts

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

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

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

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

3.7 Timber Concession

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

3.8 Impairment of Non-Financial Assets

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

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

The recoverable amount of an asset 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.

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

3.9 Financial Instruments

3.9.1 Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial Instruments (Cont'd)

3.9.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

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

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

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

(b) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group and the Company have the positive intention and ability to hold the investment to maturity. The Institutional Trust Account of the Group and of the Company is designated into this category with a maturity period of 10 years.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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

(c) Available-for-sale financial assets

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

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

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

All financial assets are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial Instruments (Cont'd)

3.9.3 Financial guarantee contracts

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

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

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

3.9.4 Offsetting of financial instruments

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

3.9.5 Derecognition

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

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

3.10 Impairment of Financial Assets

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

An impairment loss in respect of loans and receivables and held-to-maturity investments 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of Financial Assets (Cont'd)

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

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

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

3.11 Inventories

Inventories of completed development properties

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

Inventories of logs

Inventories of logs are stated at the lower of cost, which is determined on the weighted average basis, and net realisable value. Cost includes the related timber concession cost plus the cost of bringing the inventories to their present location and condition. Net realisable value is based on estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

3.12 Cash and Cash Equivalents

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

3.13 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

3.14 Income Recognition

(i) Sale of goods

Revenue from invoiced value of goods sold is recognised when significant risks and ownership have been transferred to the buyers.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Income Recognition (Cont'd)

(ii) Property development revenue

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

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

(iii) Construction contract revenue

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

(iv) Rental income

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

(v) Interest income

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

(vi) Dividend income

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

(vii) Provision of services

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

3.15 Employee Benefits

Short term benefits

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

Defined contribution plans

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

3.16 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Income Tax

Income tax expense comprises current tax 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.

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

3.18 Goods and Services Tax

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

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

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

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

3.19 Segment Reporting

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Contingencies

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

3.21 Share Capital, Share Issuance Expenses and Dividends

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

Share capital represents the nominal value of shares that have been issued.

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

Costs directly attributable to the issuance of instruments classified as equity are recognised as a deduction from equity.

3.22 Treasury Shares

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

3.23 Related Parties

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

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the Group,

(b) An entity is related to the Group if any of the following conditions applies:

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Leasehold shoplot RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Electrical installation RM	Total RM
2016						
At cost						
Balance at beginning	347,614	219,023	2,067,812	1,745,173	-	4,379,622
Additions	-	-	81,336	593,768	-	675,104
Written off	-	-	(3,334)	-	-	(3,334)
Balance at end	347,614	219,023	2,145,814	2,338,941	-	5,051,392
Accumulated depreciation						
Balance at beginning	26,133	129,161	1,139,055	937,826	-	2,232,175
Current charge	3,205	3,860	153,689	272,759	-	433,513
Written off	-	-	(479)	-	-	(479)
Balance at end	29,338	133,021	1,292,265	1,210,585	-	2,665,209
Carrying amount	318,276	86,002	853,549	1,128,356	-	2,386,183
2015						
At cost						
Balance at beginning	347,614	219,023	4,654,661	1,756,271	32,727	7,010,296
Additions	-	-	678,631	147,022	-	825,653
Disposals	-	-	(6,720)	(158,000)	-	(164,720)
Written off	-	-	(3,258,760)	(120)	(32,727)	(3,291,607)
Balance at end	347,614	219,023	2,067,812	1,745,173	-	4,379,622
Accumulated depreciation						
Balance at beginning	17,548	125,301	3,984,860	792,953	18,015	4,938,677
Current charge	8,585	3,860	125,958	256,908	1,909	397,220
Disposals	-	-	(3,919)	(111,917)	-	(115,836)
Written off	-	-	(2,967,844)	(118)	(19,924)	(2,987,886)
Balance at end	26,133	129,161	1,139,055	937,826	-	2,232,175
Carrying amount	321,481	89,862	928,757	807,347	-	2,147,447

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

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

COMPANY

	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Electrical installation RM	Total RM
2016					
At cost					
Balance at beginning	285,959	1,137,102	379,508	–	1,802,569
Additions	–	29,953	–	–	29,953
Balance at end	285,959	1,167,055	379,508	–	1,832,522
Accumulated depreciation					
Balance at beginning	196,097	934,441	376,758	–	1,507,296
Current charge	3,860	43,100	1,650	–	48,610
Balance at end	199,957	977,541	378,408	–	1,555,906
Carrying amount	86,002	189,514	1,100	–	276,616
2015					
At cost					
Balance at beginning	285,959	4,247,046	379,628	32,727	4,945,360
Additions	–	50,729	–	–	50,729
Disposals	–	(205,230)	–	–	(205,230)
Written off	–	(2,955,443)	(120)	(32,727)	(2,988,290)
Balance at end	285,959	1,137,102	379,508	–	1,802,569
Accumulated depreciation					
Balance at beginning	192,237	3,853,478	375,363	18,015	4,439,093
Current charge	3,860	68,636	1,513	1,909	75,918
Disposals	–	(131,979)	–	–	(131,979)
Written off	–	(2,855,694)	(118)	(19,924)	(2,875,736)
Balance at end	196,097	934,441	376,758	–	1,507,296
Carrying amount	89,862	202,661	2,750	–	295,273

GROUP

The carrying amount of motor vehicles acquired under finance lease is **RM1,127,256** (2015: RM789,597). The leased assets are pledged as securities for the related finance lease liabilities (Note 20).

5. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
At fair value:				
Freehold land	14,328,204	14,328,204	262,927	262,927
Freehold shoplots	37,582,542	37,582,542	1,231,400	1,231,400
Leasehold building	37,820	37,820	–	–
	51,948,566	51,948,566	1,494,327	1,494,327

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

5. INVESTMENT PROPERTIES (CONT'D)

- (i) The carrying amount of the Group's investment properties which are pledged as security for banking facilities granted to a subsidiary is **RM28,190,240** (2015: RM28,190,240).
- (ii) The following are recognised in profit or loss in respect of investment properties:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Rental income	1,360,240	190,130	32,000	21,000
Direct operating expenses:				
- income generating investment properties	128,347	18,937	–	5,543
- non-income generating investment properties	464,865	245,525	5,689	–

- (iii) For fair value measurement of the investment properties, refer Note 36.2 to the financial statements.

6. LAND HELD FOR DEVELOPMENT

	GROUP AND COMPANY	
	2016 RM	2015 RM
Land, at cost	17,060,055	17,060,055
Property development costs		
Balance at beginning	427,145	401,292
Additions	27,085	25,853
Balance at end	454,230	427,145
	17,514,285	17,487,200
Represented by:		
Freehold land	7,920,430	7,920,430
Leasehold land	9,139,625	9,139,625
Property development costs	454,230	427,145
	17,514,285	17,487,200

The freehold land and leasehold land are charged to a licensed bank for banking facilities granted to the Company.

7. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2016 RM	2015 RM
Unquoted shares, at cost	46,102,784	14,932,780
Less: Allowance for impairment	(3,544,381)	(3,544,381)
	42,558,403	11,388,399
Unquoted shares, at valuation	11,234,545	11,234,545
Less: Allowance for impairment	(10,518,558)	(10,518,558)
	715,987	715,987
	43,274,390	12,104,386

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Entity	Effective Equity Interest		Principal Activities
	2016 %	2015 %	
Direct subsidiaries			
Great Eastern Mills Berhad	78	78	Dormant.
Sam Koh Company Sdn. Bhd.	100	100	Extraction and sale of timber.
Seal Ventures Sdn. Bhd.	100	100	Property development.
Seal Trading Corporation Sdn. Bhd.	100	100	Trading of timber.
Seal Properties (KL) Sdn. Bhd.	100	100	Turnkey, project and construction manager for property development.
SM Management Sdn. Bhd.	100	100	Providing administrative services.
* Seal Development Sdn. Bhd.	100	100	Dormant.
Seal Land Sdn. Bhd.	100	100	Property development.
Seal Properties Sdn. Bhd.	100	100	Property investment and property development.
Seal Place Sdn. Bhd.	100	100	Letting of properties, advertisement billboard, car park and event space.
Seal City Sdn. Bhd.	100	100	Property investment.
Seal Properties (SP) Sdn. Bhd.	100	100	Property development.
Ardentige Marketing Sdn. Bhd.	100	100	Provision of marketing services.
Utmost Construction Sdn. Bhd.	100	100	Dormant.
Seal Properties (PG) Sdn. Bhd.	100	–	Property development.
* Seal Mall (KL) Sdn. Bhd.	100	–	Property investment.
Indirect - held through Great Eastern Mills Berhad			
Gem Board Sendirian Berhad	92	92	Dormant.
Indirect - held through Seal Properties Sdn. Bhd.			
Seal Lifestyle Development Sdn. Bhd.	51	51	Property development.
Seal Concepts Sdn. Bhd.	51	51	Property development.
Seal Properties (Bayan City) Sdn. Bhd.	51	51	Property development.
Seal Mall Sdn. Bhd.	51	51	Mall management.
Indirect - held through Seal Properties (KL) Sdn. Bhd.			
Great Eastern Mills Berhad	14	14	Dormant.

* Not audited by Grant Thornton.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

2016

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

2015

- (i) On 8 July 2014, the Company acquired the remaining 49% equity interest in the issued and paid-up capital of Seal Properties (SP) Sdn. Bhd. and Seal City Sdn. Bhd. for a cash consideration of RM1,000,000 and RM230,000 respectively.
- (ii) During the financial year, the Company subscribed for new ordinary shares in the following subsidiaries:
 - (a) 999,998 new ordinary shares of RM1 each at par for a cash consideration of RM999,998 in SM Management Sdn. Bhd.;
 - (b) 299,900 new ordinary shares of RM1 each at par for a cash consideration of RM299,900 in Seal Properties Sdn. Bhd.;
 - (c) 999,998 new ordinary shares of RM1 each at par for a cash consideration of RM999,998 in Seal Place Sdn. Bhd.; and
 - (d) 249,900 new ordinary shares of RM1 each at par for a cash consideration of RM249,900 in Seal Properties (SP) Sdn. Bhd.

The Group's subsidiary, Seal Properties (Bayan City) Sdn. Bhd., has material non-controlling interests ("NCI"), details of which are disclosed as follows:

	2016	2015
	RM	RM
NCI percentage of ownership interest and voting interest	49%	49%
Carrying amount of NCI	66,485,815	66,159,187
Profit/(Loss) allocated to NCI	326,628	(554,897)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Summarised financial information before intra-group elimination:

	2016 RM	2015 RM
At 30 June		
Total assets	157,651,205	157,683,354
Total liabilities	(21,965,869)	(22,664,605)
Net assets	135,685,336	135,018,749
Year ended 30 June		
Revenue	(192,512)	(426,715)
Profit/(Loss) for the financial year	666,587	(1,132,443)
Cash flows from operating activities	14,349,780	28,902,820
Cash flows from investing activities	17,213,868	(6,710,462)
Cash flows from financing activities	(26,393,055)	(60,979,765)
Net increase/(decrease) in cash and cash equivalents	5,170,593	(38,787,407)
Dividends paid to NCI	–	18,620,000

8. OTHER INVESTMENTS

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-current assets:				
Held-to-maturity investments				
- Institutional Trust Account, at cost	–	19,298,625	–	19,298,625
Current assets:				
Held-to-maturity investments				
- Institutional Trust Account, at cost	10,298,625	–	10,298,625	–
Available-for-sale financial assets				
- Unit trusts quoted in Malaysia, at fair value	11,251,859	37,481,178	714,655	10,298,450
	21,550,484	37,481,178	11,013,280	10,298,450
	21,550,484	56,779,803	11,013,280	29,597,075
Market value of quoted unit trusts in Malaysia	11,251,859	37,481,178	714,655	10,298,450

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

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

The ITA will mature in the next financial year and accordingly, it is reclassified to current assets during the financial year.

The effective interest rate of the ITA at the end of the reporting period is **3.75%** (2015: 3.75%) per annum.

The ITA with carrying amount of **RM9,960,000** (2015: RM18,960,000) is pledged to a bank for banking facility granted to a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

9. TIMBER CONCESSION

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Balance at beginning	19,442,427	18,492,605	8,330,890	8,492,445
Additions	–	1,107,150	–	328,100
Assigned to a subsidiary	–	–	–	(332,327)
Costs recognised in profit or loss	(2,544,616)	(157,328)	(1,135,566)	(157,328)
Written off	(136,670)	–	(136,670)	–
Balance at end	16,761,141	19,442,427	7,058,654	8,330,890

10. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2016 RM	2015 RM
Balance at beginning		
Freehold land, at cost	78,009,945	38,086,818
Development costs	11,044,155	10,319,175
	89,054,100	48,405,993
Costs incurred during the financial year		
Freehold land, at cost	25,874,640	40,819,070
Development costs	3,439,688	8,010,903
	29,314,328	48,829,973
	118,368,428	97,235,966
Unsold units transferred to inventories	(7,816,931)	(2,598,602)
Reversal of completed project	(1,518,335)	(5,583,264)
	109,033,162	89,054,100
Costs recognised in profit or loss		
Balance at beginning	(1,681,906)	(4,171,734)
Recognised during the financial year	(580,145)	(3,093,436)
Reversal of completed project	1,368,723	5,583,264
Balance at end	(893,328)	(1,681,906)
	108,139,834	87,372,194
Represented by:		
Freehold land	102,968,290	78,009,945
Development costs	6,064,872	11,044,155
Costs recognised in profit or loss	(893,328)	(1,681,906)
	108,139,834	87,372,194

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

10. PROPERTY DEVELOPMENT COSTS (CONT'D)

- (i) Freehold land of **RM19,256,870** (2015: RM19,256,870) is charged to a bank for banking facilities granted to a subsidiary.
- (ii) Included in property development costs incurred during the financial year is borrowing costs of **RM674,147** (2015: RM284,914).
- (iii) 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.

11. INVENTORIES

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
* Completed development properties	30,791,932	27,941,709	–	–
Logs	–	282,372	–	282,372
	30,791,932	28,224,081	–	282,372

- * Included herein are completed development properties amounting to **RM2,709,390** (2015: RM2,322,334) which are charged to a licensed bank as security for banking facility granted to a subsidiary.

12. TRADE RECEIVABLES

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables	36,711,334	20,789,634	799,973	834,116
Less: Allowance for impairment	(7,635,124)	(7,635,124)	(135,124)	(135,124)
	29,076,210	13,154,510	664,849	698,992

The movement of allowance for impairment is as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Balance at beginning	7,635,124	7,500,000	135,124	–
Current year	–	135,124	–	135,124
Balance at end	7,635,124	7,635,124	135,124	135,124

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

12. TRADE RECEIVABLES (CONT'D)

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

- (i) Property development : Credit term for sale of completed properties is generally for a period of three months, extending up to four months while the credit term for progress billings range from **14 to 21 days** (2015: 14 to 21 days) from the date of the progress billings.
- (ii) Construction : Credit term is **30 days** (2015: 30 days) from the date of the progress billings.
- (iii) Others : Credit term ranges from **7 to 90 days** (2015: 7 to 90 days).

13. OTHER RECEIVABLES

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
* Other receivables				
Total amount	56,851,163	50,086,525	769,849	772,949
Less: Allowance for impairment	(769,849)	(769,849)	(769,849)	(769,849)
	56,081,314	49,316,676	-	3,100
Stakeholders' sum	-	10,637,581	-	-
GST claimable	23,599	-	-	-
	56,104,913	59,954,257	-	3,100
Deposits				
Total amount	1,376,462	1,439,631	34,042	32,507
Less: Allowance for impairment	(446,714)	(446,714)	-	-
	929,748	992,917	34,042	32,507
Prepayments				
Total amount	15,500,380	15,414,204	15,123,359	15,165,332
Less: Allowance for impairment	(14,917,340)	(14,917,340)	(14,917,340)	(14,917,340)
	583,040	496,864	206,019	247,992
	57,617,701	61,444,038	240,061	283,599

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 **RM55,867,764** (2015: RM49,113,314) which is the consideration and payment of land premiums and other related charges to authorities and expenditures related to the Development pursuant to the terms and condition of the Turnkey Agreement and is repayable from the sales proceeds of the Development.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

14. AMOUNT DUE FROM/TO SUBSIDIARIES

	COMPANY	
	2016	2015
	RM	RM
Amount due from subsidiaries		
Trade related	2,812,840	1,846,661
* Non-trade related		
Total amount	87,977,545	97,161,407
Less: Allowance for impairment	(36,079)	(36,079)
	87,941,466	97,125,328
	90,754,306	98,971,989
Amount due to subsidiaries		
# Non-trade related	5,300,292	5,143,591

* Included herein is an amount of **RM77,001,964** (2015: RM56,323,376) which is interest bearing at **3%** (2015: 3%) per annum.

Interest bearing at **3%** (2015: 3%) per annum.

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

15. DEPOSITS WITH LICENSED BANKS

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Fixed deposits	45,095,691	41,000,256	5,029,492	1,842,461
Short term deposits	983,018	1,051,362	937,291	959,043
	46,078,709	42,051,618	5,966,783	2,801,504

Included herein are the Group's and the Company's deposits of **RM1,995,624** (2015: RM1,940,223) and **RM1,839,276** (2015: RM1,788,687) 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 and maturities of the deposits with licensed banks at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Interest rate (%)				
Fixed deposits	2.70 to 3.65	2.70 to 3.65	2.70 to 3.40	2.70 to 3.15
Short term deposits	1.20 to 2.27	1.20 to 2.18	1.20 to 2.27	1.28 to 2.18
Maturities (Days)				
Fixed deposits	30 to 365	30 to 365	30 to 365	30 to 365
Short term deposits	1	1	1	1

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

16. SHARE CAPITAL

	Number of ordinary shares of RM0.40 each		Amount	
	2016	2015	2016 RM	2015 RM
Authorised	500,000,000	500,000,000	200,000,000	200,000,000
Issued and fully paid	221,402,684	221,402,684	88,561,074	88,561,074

17. 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 23 November 2015.

The details of the shares repurchased during the financial year are as follows:

Month	Price per share			Number of shares	Total consideration RM
	Lowest	Highest	Average		
August 2015	0.48	0.48	0.48	50,000	23,923
February 2016	0.51	0.51	0.51	20,000	10,275
				70,000	34,198

For the financial year ended 30 June 2015, the Company repurchased 51,000 of its issued and paid-up ordinary shares from the open market at an average price of RM0.72 per share for a total consideration of RM36,553.

The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 221,402,684 issued and fully paid ordinary shares of RM0.40 each as at 30 June 2016, **5,892,500** (2015: 5,822,500) are held as treasury shares by the Company. As at 30 June 2016, the number of outstanding ordinary shares in issue and fully paid after the set off is therefore **215,510,184** (2015: 215,580,184) ordinary shares of RM0.40 each.

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

18. RESERVES

	Note	GROUP		COMPANY	
		2016 RM	2015 RM	2016 RM	2015 RM
Asset revaluation reserve	18.1	352,940	352,940	352,940	352,940
Fair value reserve	18.2	—	2,947	—	—
Capital reserve	18.3	(1,308,103)	(1,308,103)	—	—
		(955,163)	(952,216)	352,940	352,940

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

18. RESERVES (CONT'D)

18.1 Asset revaluation reserve

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

18.2 Fair value reserve

	GROUP	
	2016 RM	2015 RM
Balance at beginning	2,947	(10,895)
Other comprehensive (loss)/income:		
Fair value changes in available-for-sale financial assets	(682)	13,842
Net loss on available-for-sale financial assets transfer to profit or loss upon disposal	(2,265)	—
	<u>(2,947)</u>	<u>13,842</u>
Balance at end	<u>—</u>	<u>2,947</u>

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

18.3 Capital reserve

Capital reserve represents the premium paid for the acquisition from its non-controlling interest of subsidiaries and the Group's share of net assets before and after the change in its ownership interest.

19. 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.

20. BORROWINGS

	GROUP	
	2016 RM	2015 RM
Non-current liabilities		
<u>Finance lease liabilities</u>		
Minimum payments:		
Within 1 year	314,012	211,284
Later than 1 year but not later than 2 years	252,768	199,080
Later than 2 years but not later than 5 years	<u>441,172</u>	<u>259,595</u>
Balance carried forward	<u>1,007,952</u>	<u>669,959</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

20. BORROWINGS (CONT'D)

	GROUP	
	2016	2015
	RM	RM
Balance brought forward	1,007,952	669,959
Future finance charges	(90,019)	(52,429)
	917,933	617,530
Amount due within 1 year included under current liabilities	(275,137)	(186,614)
	642,796	430,916
<u>Term loans</u>		
Total amount repayable	36,361,364	47,632,572
Amount due within 1 year included under current liabilities	(13,552,338)	(12,808,936)
	22,809,026	34,823,636
	23,451,822	35,254,552
Current liabilities		
Factoring	4,511,975	–
Finance lease liabilities	275,137	186,614
Term loans	13,552,338	12,808,936
	18,339,450	12,995,550
Total borrowings	41,791,272	48,250,102

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

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

- (i) Facility Agreements;
- (ii) Legal charge over the Group's freehold shoplots (Note 5);
- (iii) Legal charge over the Group's land (Notes 6 and 10);
- (iv) First party legal charge over certain completed development properties (Note 11);
- (v) Pledge of the Group's fixed deposits and assignment of ITA (Notes 8 and 15); 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 rate per annum (%)	Total 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						
2016						
Factoring	5.45	4,511,975	4,511,975	–	–	–
Finance lease liabilities	2.31 to 3.20	917,933	275,137	226,453	416,343	–
Term loans	5.05 to 7.35	36,361,364	13,552,338	3,638,719	2,793,509	16,376,798
2015						
Finance lease liabilities	2.31 to 2.75	617,530	186,614	183,299	247,617	–
Term loans	5.25 to 7.35	47,632,572	12,808,936	13,375,799	4,868,070	16,579,767

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

21. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Balance at beginning	6,000	(7,718,000)	–	(7,744,000)
Recognised in profit or loss	–	7,724,000	–	7,744,000
	6,000	6,000	–	–
Over provision in prior year	(6,000)	–	–	–
Balance at end	–	6,000	–	–

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

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Property, plant and equipment	–	48,000	–	–
Unabsorbed capital allowances	–	(42,000)	–	–
	–	6,000	–	–

22. GROSS AMOUNT DUE TO CUSTOMERS ON CONTRACTS

	GROUP	
	2016 RM	2015 RM
Construction contract costs incurred to date	(37,511,276)	(1,321,680)
Add: Attributable profits	(1,051,718)	(132,168)
	(38,562,994)	(1,453,848)
Less: Progress billings	41,258,744	1,453,848
	2,695,750	–

23. TRADE PAYABLES

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables	4,394,575	2,763,928	226,094	368,418
Retention sum payable	9,055,005	5,981,158	–	–
	13,449,580	8,745,086	226,094	368,418

The trade payables are non-interest bearing and the normal credit terms granted to the Company range from **14 to 90 days** (2015: 30 to 90 days). The retention sum is payable upon the expiry of the defect liability period of **12 to 24 months** (2015: 12 to 24 months).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

24. OTHER PAYABLES

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Other payables	860,502	1,064,021	79,979	136,818
GST payable	403,560	133,799	21,948	31,118
Accruals:				
- Accrued development costs	16,199,123	16,503,659	-	-
- Others	726,720	758,008	420,704	327,575
	16,925,843	17,261,667	420,704	327,575
Deposits received from:				
- Property buyers	30,000	245,211	-	-
- Tenants	5,320,084	5,141,904	4,775,920	4,902,707
	5,350,084	5,387,115	4,775,920	4,902,707
	23,539,989	23,846,602	5,298,551	5,398,218

25. REVENUE

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Rental income	21,773,611	20,232,304	20,705,371	20,128,273
Project development revenue	5,898,633	5,968,168	-	-
Construction contract revenue	37,109,146	1,453,848	-	-
Sale of timber concession	2,450,000	-	1,250,000	-
Provision of marketing services	4,449,511	1,535,632	-	-
Project management fee	-	-	947,357	1,033,583
Gross dividend from a subsidiary	-	-	-	9,000,000
	71,680,901	29,189,952	22,902,728	30,161,856

26. DIRECT OPERATING COSTS

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Rental operating costs	14,353,548	13,771,433	13,830,214	13,589,093
* Property development costs	4,748,106	(1,556,830)	-	-
Construction contract costs	36,189,596	1,321,680	-	-
Timber related costs	3,035,658	-	1,590,608	-
	58,326,908	13,536,283	15,420,822	13,589,093

* In the previous financial year, there was an over provision for property development costs of RM4,519,302.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

27. OTHER INCOME

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Administrative income	49,730	192,560	-	-
Dividend income	1,658,451	2,066,767	967,298	1,309,601
Gain on redemption of short term investments	94	69,389	-	-
Interest income	1,856,274	1,614,771	2,179,299	1,998,974
Liquidated damages on late completion reversed	-	(1,400,000)	-	-
Rental income	317,105	327,724	-	-
Net fair value adjustment on available-for sales financial assets	2,265	-	-	-
Miscellaneous income	286,465	380,476	30,623	234,464
	4,170,384	3,251,687	3,177,220	3,543,039

28. PROFIT BEFORE TAX

This is arrived at after charging:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Audit fee				
- statutory audit				
- current year	99,500	86,500	35,000	35,000
- prior years	-	(4,500)	-	-
- other services	5,500	-	5,500	-
Bad debts	-	27,675	-	27,675
Depreciation	433,513	397,220	48,610	75,918
Directors' fee for non-executive directors	144,000	120,000	144,000	120,000
Impairment loss on a trade receivable	-	135,124	-	135,124
Interest expense on:				
- Finance lease	30,890	27,500	-	-
- Term loans	1,117,871	261,879	-	-
- Bank overdrafts	21,524	1,285	7,680	1,285
- Advances from a subsidiary	-	-	156,701	151,321
Inventories written off	282,372	-	282,372	-
Lease rental	10,116,073	10,063,344	10,116,073	10,063,344
Loss on disposal of property, plant and equipment	-	31,383	-	2,300
Preliminary expenses	3,100	-	-	-
Property, plant and equipment written off	2,855	303,721	-	112,554
Rental expenses	5,548	149,996	23,348	141,248
* Staff costs	5,184,476	7,974,974	648,713	2,078,758
* Staff costs				
- Salaries, wages, overtime, allowance, incentive and bonus	4,628,388	7,394,639	592,413	1,874,099
- EPF	518,279	542,281	55,060	191,839
- SOCSO	37,809	38,054	1,240	12,820
	5,184,476	7,974,974	648,713	2,078,758

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

28. PROFIT BEFORE TAX (CONT'D)

Directors' remuneration for executive directors

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

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries, incentive and bonus	522,400	1,567,442	454,000	489,742
EPF	55,060	59,016	55,060	59,016
	577,460	1,626,458	509,060	548,758
Benefits-in-kind	23,950	–	–	–
	601,410	1,626,458	509,060	548,758
Represented by:				
Present directors	601,410	1,463,220	509,060	385,520
Past directors	–	163,238	–	163,238
	601,410	1,626,458	509,060	548,758

29. TAX EXPENSE

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Malaysian income tax:				
Based on results for the year				
- Current tax	(2,410,000)	(2,255,000)	(1,751,000)	(1,663,000)
- Deferred tax relating to the origination and reversal of temporary differences	–	(7,724,000)	–	(7,744,000)
	(2,410,000)	(9,979,000)	(1,751,000)	(9,407,000)
Over/(Under) provision in prior year				
- Current tax	23,445	(835,742)	(6,649)	214,379
- Deferred tax	6,000	–	–	–
	29,445	(835,742)	(6,649)	214,379
	(2,380,555)	(10,814,742)	(1,757,649)	(9,192,621)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

29. TAX EXPENSE (CONT'D)

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

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before tax	5,217,527	4,098,895	7,039,784	15,253,876
Income tax at Malaysian statutory tax rate of 24% (2015: 25%)	(1,252,207)	(1,024,724)	(1,689,548)	(3,813,469)
Income not subject to tax	225,417	2,723,605	55,561	2,309,313
Expenses not deductible for tax purposes	(965,249)	(3,136,415)	(105,727)	(123,175)
Utilisation of unabsorbed tax losses and capital allowances	306,449	50,210	-	-
Deferred tax movement not recognised	(724,410)	(8,559,172)	(11,286)	(7,778,242)
Changes in tax rate	-	(32,504)	-	(1,427)
	(2,410,000)	(9,979,000)	(1,751,000)	(9,407,000)
Over/(Under) provision in prior year	29,445	(835,742)	(6,649)	214,379
	(2,380,555)	(10,814,742)	(1,757,649)	(9,192,621)

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

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Property, plant and equipment	148,000	154,000	41,000	44,000
Unabsorbed tax losses	(8,579,000)	(8,181,000)	-	-
Unabsorbed capital allowances	(11,884,000)	(11,870,000)	(11,320,000)	(11,312,000)
	(20,315,000)	(19,897,000)	(11,279,000)	(11,268,000)

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	
	2016 RM	2015 RM	2016 RM	2015 RM
Unabsorbed tax losses	35,563,000	33,904,000	-	-
Unabsorbed capital allowances	49,511,000	49,476,000	47,165,000	47,134,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

30. EARNINGS/(LOSSES) PER SHARE

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

	GROUP	
	2016	2015
Profit/(Loss) attributable to owners of the Company (RM)	<u>3,595,872</u>	<u>(5,523,314)</u>
Weighted average number of ordinary shares of RM0.40 each	<u>215,531,277</u>	<u>215,612,124</u>
Earnings/(Losses) per share (sen)	<u>1.67</u>	<u>(2.56)</u>

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

31. CONTINGENT LIABILITIES

	COMPANY	
	2016	2015
	RM	RM
Corporate guarantees extended to banks for banking facilities granted to certain subsidiaries		
- Limit	<u>77,090,000</u>	<u>57,440,000</u>
- Amount utilised	<u>40,873,339</u>	<u>47,632,572</u>

32. COMMITMENTS

(a) Capital commitment

	GROUP	
	2016	2015
	RM	RM
Approved and contracted for:		
- Property, plant and equipment	<u>100,031</u>	<u>—</u>

(b) Operating lease commitments

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

	GROUP AND COMPANY	
	2016	2015
	RM	RM
Within one year	<u>4,018,121</u>	<u>10,116,073</u>
More than one year and less than two years	<u>—</u>	<u>4,018,121</u>
	<u>4,018,121</u>	<u>14,134,194</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

32. COMMITMENTS (CONT'D)

(c) Joint venture commitment

GROUP

The balance consideration payable to Koperasi Tunas Sungai Ara Berhad ("the Landowner") pursuant to the Joint Venture Agreement dated 28 November 2012 (see Note 10(iii)) is as follows:

- (i) Balance of cash consideration of **RM15,874,680** (2015: RM41,749,280); and
- (ii) Construction cost of one block of commercial building for the Landowner, the costs of which is yet to be ascertained.

33. SEGMENT INFORMATION

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

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

Business Segments

The Group comprises the following main business segments:

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

Following the management's review on the Group's segment reporting, the Group's property management and construction activity which were previously presented in the Group's property investment and other business segments, have been separately presented as a single reportable segment i.e. the property management and construction segments respectively. Following a change in the reportable segment, the corresponding items of segment information have been restated.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

33. SEGMENT INFORMATION (CONT'D)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

33. SEGMENT INFORMATION (CONT'D)

	Property management RM	Property investment RM	Timber related RM	Property development RM	Construction RM	Others RM	Elimination RM	Note	Total RM
2015 (Restated)									
Revenue	20,128,273	104,031	-	5,968,168	1,453,848	1,535,632	-		29,189,952
External sales	-	65,100	-	-	-	16,743,681	(16,808,781)	A	-
Inter-segment sales	-	-	-	-	-	-	-		-
Total revenue	20,128,273	169,131	-	5,968,168	1,453,848	18,279,313	(16,808,781)		29,189,952
Result									
Segment results	15,524,802	(509,869)	186,407	602,286	(968,393)	1,285,728	(13,346,173)		2,774,788
Interest income									1,614,771
Profit from operations									4,389,559
Finance costs									(290,664)
Profit before tax									4,098,895
Tax expense									(10,814,742)
Loss for the financial year									(6,715,847)
Assets									
Segment assets	144,999,715	52,829,537	20,850,036	206,335,610	58,319,426	25,234,091	(124,671,143)		383,897,272
Current tax assets									1,453,265
Total assets									385,350,537
Liabilities									
Segment assets	10,735,409	20,403,197	9,666,249	48,452,266	58,195,060	14,583,411	(80,661,926)		81,373,666
Deferred tax liabilities									6,000
Current tax liabilities									314,900
Total liabilities									81,694,566
Other information									
Additions to non-current assets	-	39,874	-	35,591	170,142	742,012	(136,113)	B	851,506
Depreciation	-	62,086	9,216	284,061	4,543	40,004	(2,690)		397,220
Non-cash expenses/(income) other than depreciation	-	277,653	186,411	191,167	-	(69,389)	-	C	585,842

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

33. SEGMENT INFORMATION (CONT'D)

Notes to segment information:

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

	2016 RM	2015 RM
Bad debts	-	27,675
Net fair value adjustment on available-for-sale financial assets upon disposal	(2,265)	-
Loss on disposal of property, plant and equipment	-	31,383
Impairment loss on a trade receivable	-	135,124
Inventories written off	282,372	-
Property, plant and equipment written off	2,855	303,721
Gain on redemption of investment in unit trusts	(94)	(69,389)
Timber concession cost recognised	2,544,616	157,328
Timber concession written off	136,670	-
	<u>2,964,154</u>	<u>585,842</u>

By geographical segments

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

Information about major customers

Total revenue from **1** (2015: Nil) major customer which contributed more than 10% of the Group's revenue from the construction segment amounted to **RM41,558,657** (2015: RM Nil).

34. RELATED PARTY DISCLOSURES

(i) Related party transactions

	2016 RM	COMPANY 2015 RM
Transactions with subsidiaries		
- Administrative fee charged by	1,695,000	770,000
- Administrative fee charged to	-	195,813
- Interest charged by	156,701	151,321
- Interest charged to	2,063,301	1,765,323
- Project management fee charged to	947,357	1,033,583
- Sale of property, plant and equipment to	-	70,450
- Rental paid to	20,000	24,000

(ii) Compensation of key management personnel

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

34. RELATED PARTY DISCLOSURES (CONT'D)

(ii) Compensation of key management personnel (Cont'd)

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

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Short term employee benefits	1,288,393	1,799,916	454,000	489,742
Defined contribution plan	146,880	82,584	55,060	59,016
	<u>1,435,273</u>	<u>1,882,500</u>	<u>509,060</u>	<u>548,758</u>
Analysed as:				
- Directors	601,410	1,626,458	509,060	548,758
- Key management personnel	833,863	256,042	-	-
	<u>1,435,273</u>	<u>1,882,500</u>	<u>509,060</u>	<u>548,758</u>

35. FINANCIAL INSTRUMENTS

35.1 Categories of financial instruments

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

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

	Carrying amount RM	L&R RM	HTM RM	AFS RM	FL RM
GROUP					
2016					
Financial assets					
Other investments	21,550,484	-	10,298,625	11,251,859	-
Trade receivables	29,076,210	29,076,210	-	-	-
Other receivables and refundable deposits	57,034,661	57,034,661	-	-	-
Deposits with licensed banks	46,078,709	46,078,709	-	-	-
Cash and bank balances	4,154,795	4,154,795	-	-	-
	<u>157,894,859</u>	<u>136,344,375</u>	<u>10,298,625</u>	<u>11,251,859</u>	<u>-</u>
Financial liabilities					
Borrowings	41,791,272	-	-	-	41,791,272
Trade payables	13,449,580	-	-	-	13,449,580
Other payables	23,539,989	-	-	-	23,539,989
	<u>78,780,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,780,841</u>
2015					
Financial assets					
Other investments	56,779,803	-	19,298,625	37,481,178	-
Trade receivables	13,154,510	13,154,510	-	-	-
Other receivables and refundable deposits	60,947,174	60,947,174	-	-	-
Deposits with licensed banks	42,051,618	42,051,618	-	-	-
Cash and bank balances	3,845,388	3,845,388	-	-	-
	<u>176,778,493</u>	<u>119,998,690</u>	<u>19,298,625</u>	<u>37,481,178</u>	<u>-</u>
Financial liabilities					
Borrowings	48,250,102	-	-	-	48,250,102
Trade payables	8,745,086	-	-	-	8,745,086
Other payables	23,846,602	-	-	-	23,846,602
	<u>80,841,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,841,790</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	L&R RM	HTM RM	AFS RM	FL RM
COMPANY					
2016					
Financial assets					
Other investments	11,013,280	–	10,298,625	714,655	–
Trade receivables	664,849	664,849	–	–	–
Other receivables and refundable deposits	34,042	34,042	–	–	–
Amount due from subsidiaries	90,754,306	90,754,306	–	–	–
Deposits with licensed banks	5,966,783	5,966,783	–	–	–
Cash and bank balances	703,483	703,483	–	–	–
	109,136,743	98,123,463	10,298,625	714,655	–
Financial liabilities					
Trade payables	226,094	–	–	–	226,094
Other payables	5,298,551	–	–	–	5,298,551
Amount due to subsidiaries	5,300,292	–	–	–	5,300,292
	10,824,937	–	–	–	10,824,937
2015					
Financial assets					
Other investments	29,597,075	–	19,298,625	10,298,450	–
Trade receivables	698,992	698,992	–	–	–
Other receivables and refundable deposits	35,607	35,607	–	–	–
Amount due from subsidiaries	98,971,989	98,971,989	–	–	–
Deposits with licensed banks	2,801,504	2,801,504	–	–	–
Cash and bank balances	1,031,680	1,031,680	–	–	–
	133,136,847	103,539,772	19,298,625	10,298,450	–
Financial liabilities					
Trade payables	368,418	–	–	–	368,418
Other payables	5,398,218	–	–	–	5,398,218
Amount due to subsidiaries	5,143,591	–	–	–	5,143,591
	10,910,227	–	–	–	10,910,227

35.2 Financial risk management

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

35.3 Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

35. FINANCIAL INSTRUMENTS (CONT'D)

35.3 Credit risk (Cont'd)

35.3.1 Trade receivables

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

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

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

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

GROUP

	2016			2015		
	Gross RM	Impairment RM	Net RM	Gross RM	Impairment RM	Net RM
Not past due	10,854,218	–	10,854,218	2,561,667	–	2,561,667
1 to 30 days past due	2,289,203	–	2,289,203	466,429	–	466,429
31 to 60 days past due	1,846,215	–	1,846,215	63,896	–	63,896
Past due more than 60 days	21,721,698	(7,635,124)	14,086,574	17,697,642	(7,635,124)	10,062,518
	25,857,116	(7,635,124)	18,221,992	18,227,967	(7,635,124)	10,592,843
	36,711,334	(7,635,124)	29,076,210	20,789,634	(7,635,124)	13,154,510

COMPANY

	2016			2015		
	Gross RM	Impairment RM	Net RM	Gross RM	Impairment RM	Net RM
Not past due	330,368	–	330,368	364,723	–	364,723
1 to 30 days past due	201,452	–	201,452	127,747	–	127,747
31 to 60 days past due	35,858	–	35,858	63,896	–	63,896
Past due more than 60 days	232,295	(135,124)	97,171	277,750	(135,124)	142,626
	469,605	(135,124)	334,481	469,393	(135,124)	334,269
	799,973	(135,124)	664,849	834,116	(135,124)	698,992

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

35. FINANCIAL INSTRUMENTS (CONT'D)

35.3 Credit risk (Cont'd)

35.3.1 Trade receivables (Cont'd)

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

The Group and the Company have trade receivables amounting to **RM18,221,992** (2015: RM10,592,843) and **RM334,481** (2015: RM334,269) respectively that are past due at the end of the reporting period but not impaired as the management is of the view that these past due amounts will be collected in due course.

The Group has significant concentration of credit risk in the form of outstanding balance due from **1 customer** (2015: Nil), which represents **75%** (2015: Nil) of the total trade receivables.

35.3.2 Intercompany balances

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

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

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

35.3.3 Financial guarantees

The Company provides corporate guarantees to banks in respect of banking facilities granted to certain subsidiaries. The maximum exposure to credit risk is disclosed in Note 31, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

35.4 Liquidity risk

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

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 one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
GROUP						
2016						
Interest bearing borrowings	41,791,272	53,681,633	19,786,220	4,966,827	6,043,450	22,885,136
Trade and other payables	36,989,569	36,989,569	36,989,569	-	-	-
	<u>78,780,841</u>	<u>90,671,202</u>	<u>56,775,789</u>	<u>4,966,827</u>	<u>6,043,450</u>	<u>22,885,136</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

35. FINANCIAL INSTRUMENTS (CONT'D)

35.4 Liquidity risk (Cont'd)

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
2015						
Interest bearing borrowings	48,250,102	61,447,473	14,731,676	14,904,714	7,929,774	23,881,309
Trade and other payables	32,591,688	32,591,688	32,591,688	—	—	—
	<u>80,841,790</u>	<u>94,039,161</u>	<u>47,323,364</u>	<u>14,904,714</u>	<u>7,929,774</u>	<u>23,881,309</u>
COMPANY						
2016						
Trade and other payables	5,524,645	5,524,645	5,524,645	—	—	—
Amount due to subsidiaries	5,300,292	5,300,292	5,300,292	—	—	—
	<u>10,824,937</u>	<u>10,824,937</u>	<u>10,824,937</u>	<u>—</u>	<u>—</u>	<u>—</u>
2015						
Trade and other payables	5,766,636	5,766,636	5,766,636	—	—	—
Amount due to subsidiaries	5,143,591	5,143,591	5,143,591	—	—	—
	<u>10,910,227</u>	<u>10,910,227</u>	<u>10,910,227</u>	<u>—</u>	<u>—</u>	<u>—</u>

35.5 Interest rate risk

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

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

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Fixed rate instruments				
Financial assets	56,377,334	61,350,243	93,267,372	78,423,505
Financial liabilities	<u>917,933</u>	<u>617,530</u>	<u>5,300,292</u>	<u>5,143,591</u>
Floating rate instruments				
Financial liabilities	<u>40,873,339</u>	<u>47,632,572</u>	<u>—</u>	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

35. FINANCIAL INSTRUMENTS (CONT'D)

35.5 Interest rate risk (Cont'd)

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 **RM55,986** (2015: RM12,237) and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

35.6 Fair value information

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

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

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

36. FAIR VALUE MEASUREMENT

36.1 Fair value measurement of financial instruments

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as disclosed in Note 2.2.

The table below analyses financial instruments carried at fair value as shown in the statement of financial position.

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
GROUP					
2016					
Financial assets					
Quoted unit trusts	11,251,859	–	–	11,251,859	11,251,859
2015					
Financial assets					
Quoted unit trusts	37,481,178	–	–	37,481,178	37,481,178
COMPANY					
2016					
Financial assets					
Quoted unit trusts	714,655	–	–	714,655	714,655
2015					
Financial assets					
Quoted unit trusts	10,298,450	–	–	10,298,450	10,298,450

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

36. FAIR VALUE MEASUREMENT (CONT'D)

36.1 Fair value measurement of financial instruments (Cont'd)

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.

36.2 Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as at the end of the reporting period:

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
GROUP					
2016					
Investment properties					
- Freehold land	-	14,328,204	-	14,328,204	14,328,204
- Freehold shoplots	-	37,582,542	-	37,582,542	37,582,542
- Leasehold buildings	-	37,820	-	37,820	37,820
2015					
Investment properties					
- Freehold land	-	14,328,204	-	14,328,204	14,328,204
- Freehold shoplots	-	37,582,542	-	37,582,542	37,582,542
- Leasehold buildings	-	37,820	-	37,820	37,820
COMPANY					
2016					
Investment properties					
- Freehold land	-	262,927	-	262,927	262,927
- Freehold shoplots	-	1,231,400	-	1,231,400	1,231,400
2015					
Investment properties					
- Freehold land	-	262,927	-	262,927	262,927
- Freehold shoplots	-	1,231,400	-	1,231,400	1,231,400

Level 2 fair value is derived based on the sales comparison approach where sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 30 JUNE 2016

37. CAPITAL MANAGEMENT

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

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

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

38. EMPLOYEE SHARE OPTION SCHEME ("ESOS")

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

As at 30 June 2016, no options were granted.

The salient features of the ESOS are as follows:

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

39. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 15 February 2016, a subsidiary of the Company, Seal Properties (Bayan City) Sdn. Bhd. is served with an originating summons at the High Court Penang by Sovereign Paramount Sdn. Bhd., a shareholder of the subsidiary, alleging minority oppression. The matter has been fixed for further case management on 13 October 2016.

SUPPLEMENTARY INFORMATION

- 30 JUNE 2016

40. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of retained profits of the Group and of the Company as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad and the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants are as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained profits of the Company and its subsidiaries:				
- Realised	109,279,409	104,801,575	35,499,441	30,217,306
- Unrealised	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	109,279,409	104,801,575	35,499,441	30,217,306
Add: Consolidation adjustments	1,028,516	1,910,478	<u>-</u>	<u>-</u>
Total retained profits as per statements of financial position	<u>110,307,925</u>	<u>106,712,053</u>	<u>35,499,441</u>	<u>30,217,306</u>

LIST OF PROPERTIES

AS AT 30 JUNE 2016

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	5,036,666
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	4,409,351
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	1,887,131
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	719,267
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	956,815
G.M 5796, Lot No. 117 Mukim Kuah Langkawi, Kedah	11/10/1999	4,324.00 sq.metres	Freehold	Vacant land for development	4,505,055

LIST OF PROPERTIES (CONT'D)

AS AT 30 JUNE 2016

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	41 units	Freehold	Commercial & residential lot	36,351,142
H.S.(D) 122369 to H.S.(D) 122378 PT 99382 to PT 99391 Bandar Sungai Petani Kuala Muda, Kedah	19/01/2010	14,198.70 sq.metres	Freehold	Development	1,890,430
H.S.(D) 90454 PT 48857 Bandar Sungai Petani Kuala Muda, Kedah	05/03/2013	375,655.70 sq.metres	Freehold	Development	13,838,149
H.S.(D) 127766 PT 65140 Bandar Amanjaya Kuala Muda, Kedah	03/04/2013	35.55 hectare	Freehold	Investment	14,065,277
Lot No. 370 & 377 Title No. GM 557 & GM 1145 Mukim 12, District of Barat Daya Penang	27/06/2014	11,532.02 sq.metres	Freehold	Development	20,328,733

STATEMENT OF SHAREHOLDINGS

Authorised Capital	: RM200,000,000.00
Issued and fully paid-up capital	: RM86,202,473.60 (Excluding 5,896,500 Treasury Shares)
Class of Shares	: Ordinary shares of RM0.40 each fully paid
Voting Rights	: One vote per RM0.40 share

BREAKDOWN OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2016

Range of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of RM0.40 Shares	Percentage of Issued Capital
Less than 100	223	3.11	8,118	0.00
100 – 1,000	2,131	29.74	1,919,618	0.89
1,001 – 10,000	3,646	50.89	15,946,105	7.40
10,001 – 100,000	1,023	14.28	31,371,895	14.56
100,001 – 10,775,308 *	139	1.94	108,798,448	50.49
10,775,309 and above **	3	0.04	57,462,000	26.66
TOTAL	7,165	100.00	215,506,184	100.00

Note : * - Less than 5% of issued shares

** - 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2016

According to the Register of Substantial Shareholders required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No.	%	No.	%
Dato' Sri Koay Teng Choon	21,894,200	10.16	4,867,100	2.26
Kesan Anggun Sdn Bhd	20,000,000	9.28	–	–
Poly Dynamic Motion Sdn Bhd	20,000,000	9.28	–	–
Fang Pern Kok	–	–	26,415,300	12.26
Fang Siew Hong	–	–	20,000,000	9.28
Fang Siew Poh	2,432,800	1.13	20,000,000	9.28
Chuah Chong Ewe	1,075,000	0.50	20,000,000	9.28

DIRECTORS' INTERESTS AS AT 30 SEPTEMBER 2016

According to the Register of Directors' Shareholdings required to be kept under Section 134 of the Companies Act, 1965, the Directors' interests in the ordinary share capital of RM0.40 each of the Company are as follows:

Name of Directors	Direct Interest		Deemed Interest	
	No.	%	No.	%
Dato' Sri Koay Teng Choon	21,894,200	10.16	4,867,100	2.26
Fang Pern Kok	–	–	26,415,300	12.26
Fang Siew Hong	–	–	20,000,000	9.28
Datuk Tan Hiang Joo	29,000	0.01	–	–

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

LIST OF TOP THIRTY SHAREHOLDERS

AS AT 30 SEPTEMBER 2016

	Name	Shareholdings	Percentage
1.	Affin Hwang Nominees (Tempatan) Sdn Bhd [HDM Capital Sdn Bhd for Kesan Anggun Sdn Bhd]	20,000,000	9.28
2.	Poly Dynamic Motion Sdn Bhd	20,000,000	9.28
3.	Dato' Sri Koay Teng Choon	17,462,000	8.10
4.	Affin Hwang Nominees (Tempatan) Sdn Bhd [Southern Corporation (Nibong Tebal) Sdn Bhd for Tan Lee Sim]	10,000,000	4.64
5.	Song Kim Lee	7,200,000	3.34
6.	Citigroup Nominees (Asing) Sdn Bhd [Exempt An For UBS AG Singapore (Foreign)]	5,794,917	2.69
7.	Maybank Securities Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Resolute Accomplishment Sdn Bhd (Margin)]	5,660,300	2.63
8.	Song Phaik Gim	5,000,000	2.32
9.	Citigroup Nominees (Asing) Sdn Bhd [Exempt An For Citibank New York (Norges Bank 1)]	4,820,365	2.24
10.	Ooi Lai Hock	4,474,300	2.08
11.	Ooi Gim Chew	4,462,500	2.07
12.	Dato' Sri Koay Teng Choon	4,432,200	2.06
13.	Fang Siew Ling	3,982,500	1.85
14.	Lee Kim Poh	3,934,900	1.83
15.	Ong Beng Hooi	3,240,800	1.50
16.	Koay Shean Loong	3,000,000	1.39
17.	See Lam Tean @ Tan-See Lam Tean	2,212,200	1.03
18.	Tee Ah Swee	2,019,700	0.94
19.	Fang Siew Poh	1,906,900	0.88
20.	Tan Guik Lan	1,867,100	0.87
21.	Phuah Lee Pieng	1,683,600	0.78
22.	Chai Mooi Chong	1,368,800	0.64
23.	Quah Jo Leen	1,310,000	0.61
24.	Citigroup Nominees (Tempatan) Sdn Bhd [Kumpulan Wang Persaraan (Diperbadankan) (KNGA SML CAP FD)]	1,230,000	0.57
25.	Tee Ah Swee	1,197,400	0.56
26.	Chuah Chong Ewe	1,075,000	0.50
27.	Goh Poh Choo	929,000	0.43
28.	Yow Yan Seong	827,800	0.38
29.	Lim Soo Hoon	748,800	0.35
30.	Kenanga Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Chan Lay Tin (ET)]	741,100	0.34
	TOTAL	142,582,182	66.18

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

FORM OF PROXY

SEAL INCORPORATED BERHAD (4887-M)
Incorporated in Malaysia

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-Fourth (54th) Annual General Meeting of the Company to be held on 13 December 2016 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 of RM144,000		
2	To re-elect Fang Siew Hong as Director.		
3	To re-elect Dato' Sri Koay Teng Choon as Director.		
4	To re-appoint the following Director pursuant to Section 129(6) of the Companies Act, 1965: Tuan Haji Abdul Hamid bin Mohd Hassan		
5	To re-appoint Messrs Grant Thornton as Auditors and to authorise the Directors to fix their remuneration.		
	Special Business		
6	Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965		
7	Proposed Granting of Options to Tuan Haji Abdul Hamid bin Mohd Hassan		
8	Proposed Granting of Options to Dato' Sri Koay Teng Choon		
9	Proposed Granting of Options to Fang Siew Hong		
10	Proposed Granting of Options to Fang Pern Kok		
11	Proposed Granting of Options to Datuk Tan Hiang Joo		
12	Proposed Granting of Options to Chee Wai Hong		
13	Proposed Granting of Options to Tuan Haji Liakat Ali bin Mohamed Ali		
14	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 30 November 2016 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, is entitled to appoint not more than two (2) proxies. A proxy may but need not be a member of the Company.
- Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- 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.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55A Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting. Faxed or emailed copies are not acceptable.

fold

AFFIX
80 sen
STAMP
(within Malaysia)

The Company Secretary
SEAL INCORPORATED BERHAD
55A Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh

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SEAL INCORPORATED BERHAD (4887-M)

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