

**MERGING SUSTAINABILITY & EXCELLENCE**

ANNUAL REPORT 2018



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# CORPORATE INFORMATION

## DIRECTORS

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

Dato' Sri Koay Teng Choon  
*Executive Director*

Fang Siew Hong  
*Executive Director*

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

Datuk Tan Hiang Joo  
*Independent Non-Executive Director*

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

Allen Chee Wai Hong  
*Independent Non-Executive Director*

## AUDIT COMMITTEE

### Chairman

Allen Chee Wai Hong

### Members

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

## EXECUTIVE COMMITTEE

### Chairman

Fang Siew Hong

### Members

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

## REMUNERATION COMMITTEE

### Chairman

Fang Pern Kok

### Members

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

## NOMINATING COMMITTEE

### Chairman

Datuk Tan Hiang Joo

### Members

Fang Pern Kok  
Allen Chee Wai Hong

## ESOS COMMITTEE

### Chairman

Tuan Haji Abdul Hamid Bin Mohd Hassan

### Members

Fang Siew Hong  
Fang Pern Kok

## SECRETARIES

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

## REGISTERED OFFICE

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

## REGISTRARS

### Symphony Share Registrars Sdn. Bhd.

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

## PRINCIPAL PLACE OF BUSINESS

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

## AUDITORS

### Grant Thornton

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

## BANKERS

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

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fifty-Sixth Annual General Meeting ("AGM") of Seal Incorporated Berhad ("SEAL") will be held at Olive Tree Hotel, Olive 6 & 7, Level 6, No. 76 Jalan Mahsuri, 11950 Bayan Lepas, Penang, Malaysia on Thursday, 13 December 2018 at 9.30 a.m. for the following purposes:

## AGENDA

### As ORDINARY BUSINESS:

### ORDINARY RESOLUTION (Please refer to Note 2)

- |   |          |
|---|----------|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2018, together with the Directors' and Auditors' Reports thereon.           | <b>1</b> |
| 2. To approve payment of increased Directors' fees of RM168,000 in respect of the financial year ended 30 June 2018.  | <b>1</b> |
| 3. To re-elect the following Directors retiring pursuant to the Articles of Association of the Company:   |          |
| 3.1 Dato' Sri Koay Teng Choon   | <b>2</b> |
| 3.2 Chee Wai Hong   | <b>3</b> |
| 4. To re-appoint Grant Thornton as Auditors of the Company for the financial year ending 30 June 2019 and to authorise the Directors to fix their remuneration. | <b>4</b> |

### As SPECIAL BUSINESS:

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

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

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

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

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

### 5.2 Proposed Renewal of Share Buy Back Authority

6

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

- i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- ii) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy Back shall not exceed the Retained Profits of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy Back. As at 30 June 2018, the Retained Profits of the Company is RM68,209,166.
- iii) the shares purchased by the Company pursuant to the Proposed Share Buy Back may be dealt with in all or any of the following manner (as selected by the Company):
  - a) the shares so purchased may be cancelled; and/or
  - b) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
  - c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

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

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

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

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

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

### 5.3 Proposed Adoption of new Constitution of the Company

#### SPECIAL RESOLUTION

"That approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 31 October 2018 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

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

**FURTHER NOTICE IS HEREBY GIVEN THAT** only members whose names appear on the Record of Depositors as at 30 November 2018 shall be entitled to attend the AGM or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.

By Order of the Board

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

Chartered Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia  
31 October 2018

#### NOTES:

#### 1. PROXY

Only members whose names appear on the Record of Depositors as at 30 November 2018 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.

A member (other than an exempt authorised nominee) entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies. A proxy must be 18 years and above and may but need not be a member of the Company.

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

### 1. PROXY (cont'd)

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

Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds but the proportion of holdings to be represented by each proxy must be specified.

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

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

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

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

### 2. AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 JUNE 2018

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

### 3. DIRECTORS' FEES

Section 230 (1) of the Companies Act, 2016 provides amongst others, that "fees" of the directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval is sought for the payment of Directors' fees in respect of the financial year ended 30 June 2018 under Resolution 1.

As part of its periodical review to ensure the Group remains competitive against its peers and with the heightened responsibilities and accountabilities required for Directors per current requirements under the Companies Act 2016, the Capital Markets & Services Act 2007 and the Malaysian Code on Corporate Governance, the Board at its meeting held on 2 October 2018 approved the Remuneration Committee's recommendation that the Directors' fees per annum (p.a.) be revised as follows:

Directors' Fees	2015 - 2017 (RM)	2018 (RM)
Non-Executive Directors	36,000 p.a.	42,000 p.a.



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

### 4. RE-ELECTION OF DIRECTORS

Dato' Sri Koay Teng Choon and Chee Wai Hong retires in accordance with Article 81 of the Company's Articles of Association and being eligible, have offered themselves for re-election at this Fifty-Sixth AGM.

The Board has via the Nominating Committee conducted an assessment on the effectiveness and contributions of the said retiring Directors including their skills, experience, competency and commitment, and has recommended for them to be re-elected to the Board. The profile of the retiring Directors is set out in the Profile of Directors on page 15 to page 18 of the Annual Report 2018.

### 5. RE-APPOINTMENT OF AUDITORS

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

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

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

The Ordinary Resolution proposed under item 5.1 if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting ("AGM") until the next AGM to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company ("Share Mandate"). This Share Mandate will expire at the conclusion of the next AGM of the Company, unless revoked or varied at a general meeting. With this Share Mandate, the Company will be able to raise capital from the equity market in a shorter period of time compared to a situation without the Share Mandate. The Share Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from and cost involved in convening an Extraordinary General Meeting ("EGM") to approve such issuance of shares should be eliminated. However, the Company will have to seek shareholders' approval at an EGM to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

This Share Mandate is a renewal of the mandate obtained from the shareholders of the Company at the AGM held on 7 December 2017. The Company did not utilise the mandate obtained at the last AGM and thus no proceeds were raised from the previous mandate.

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

The Ordinary Resolution proposed under item 5.2, if passed, will empower the Directors to purchase the Company's shares through Bursa Malaysia Securities Berhad up to 10% of the issued and paid-up share capital of the Company. Details of the Proposed Share Buy Back is set out in the Statement to Shareholders of the Company, which is sent out together with the Company's 2018 Annual Report.

### 8. PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

The Special Resolution proposed under item 5.3, if passed, will bring the Company's Constitution in line with the enforcement of the Companies Act, 2016 and Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad and to enhance administrative efficiency. The proposed new Constitution is set out in the Circular to Shareholders dated 31 October 2018.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Group's Business And Operation Overview

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

## Financial Performance Review

For the financial year ended 30 June 2018, the Group recorded revenue of RM135.6 million and profit before tax of RM18.4 million, an increase of RM52.4 million revenue and RM9.7 million for profit before tax. Property development and construction generates about 79% of the Group's revenue while property management and property investment contributes about 16%.

The increase in both revenue and profit before tax in financial year 2018 mainly came from sales of property development land which contributed about RM27 million. Construction work in Queensville (Phase 1) is well in progress and has generated approximately RM75.6 million to the Group's revenue.

Selayang Mall is one of the leading shopping malls in Northern Klang Valley. In view of the current depressing global economic condition, there was a decrease of RM0.6 million in revenue compared to last financial year 2017, mainly due to high market competition on rental rate negotiations. However, the mall's management team is able to sustain high occupancy rate throughout the financial year and continues to generate approximately RM19.4 million in revenue for the Group. While Elit Avenue commercial lots at Bayan City continue to increase in occupancy rate throughout the financial year bringing in RM2.5 million revenue.

## Market outlook

As a result of the Malaysia's 14th General Election, we saw the installation of a new government and with this there seems to be cautious sentiment prevailing as to the direction that the new administration takes. However, we do not expect much movement in the property market in year 2018 and will gradually improve in the years ahead through to 2020.

As highlighted by The Malaysia Institute of Estate Agents (MIEA) foresee the Malaysian property market will continue experiencing 'confidence gaining growth' as fundamentals improve under the new government. The implementation of the new policies by the government to boost the property market namely in two areas i.e. plans to introduce and manage the supply of affordable housing and the forthcoming budget which will be a test for the new government in tackling the woes of the property industry.

However, the Group expects the property sector to remain flatish and challenging in financial year 2019 even with the recent changes in the political, economic and social environment. Factors such as high household debt, stricter lending policies by banks and weak local currency continues to weigh on the property market, as buyers exercised greater caution and adopted a wait-and-see approach for high value transactions such as property purchases.

We anticipated mixed performance results amidst trying times where property price may be affected by the abolishment of the Goods and Services Tax will bring positive impact in generally as it will lower our development cost. However, the re-introduction of Sales and Services Tax may offset this positive effect from the higher raw material price. We are observing closely on the development of this direct tax system which may impact on our profit margin. We are glad that we ended 2018 leading this group fully focused on the delivery of our strategies across a broad spectrum of business operations. We withstood the trials and tribulations and emerged with decent financial results.

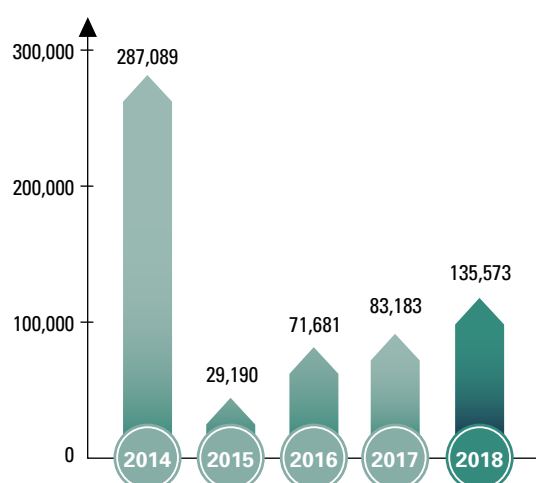
## Business prospects moving forward

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

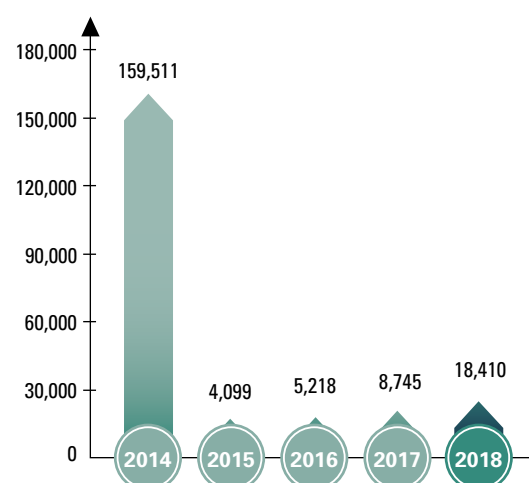
## FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

Year	2014	2015	2016	2017	2018
Revenue (RM'000)	287,089	29,190	71,681	83,183	135,573
Profit before taxation (RM'000)	159,511	4,099	5,218	8,745	18,410
Profit after taxation (RM'000)	115,431	(6,716)	2,837	824	14,318
Profit attributable to:					
owners of the parent (RM'000)	59,393	(5,523)	3,596	(9,037)	14,853
non-controlling interests (RM'000)	56,038	(1,193)	(759)	9,861	(536)
Total Assets (RM'000)	403,000	385,350	388,541	358,013	397,483
Shareholders' equity (RM'000)	244,494	237,640	241,198	252,219	266,868
Basic earning per share (sen)	27.52	(2.56)	1.67	(3.98)	6.27
Net assets per share (RM)	1.13	1.10	1.12	1.06	1.13

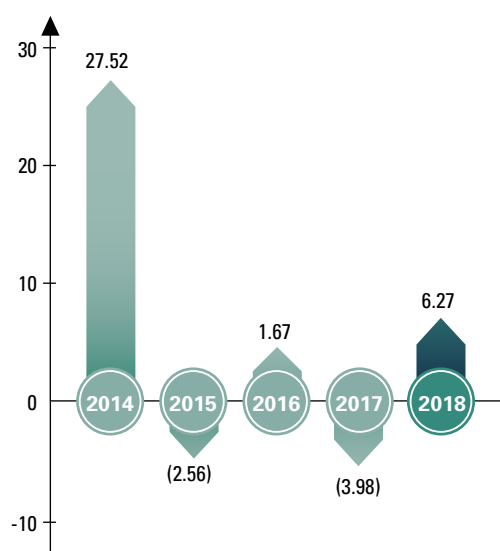
REVENUE (RM'000)



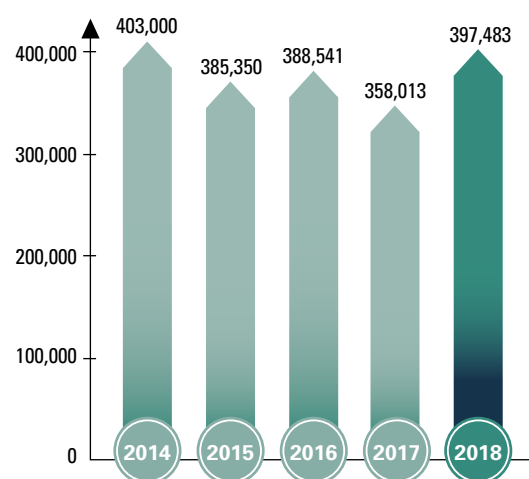
PROFIT BEFORE TAXATION (RM'000)



BASIC EARNINGS/(LOSSES) PER SHARE (SEN)



TOTAL ASSETS (RM'000)



# SUSTAINABILITY STATEMENT

## Narrative Statement

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

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

## Governance Structure

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

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

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

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

## Material Sustainability Matters

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

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

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

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Figure 1: Governance Structure

## SUSTAINABILITY STATEMENT (cont'd)

### Stakeholder Engagement

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

Key Stakeholder Groups	Engagement Method
Employees	Discussion, Meetings
Customers	Survey Forms
Investors	Annual General Meeting
Local Community	Survey Forms

### Material Issues

Aspects	Material Sustainability Issues
Economic	Economic & Business Performance Governance & Compliance
Environmental	Consumption of resources
Social	Employee Well-being Local Community Development

### ECONOMIC

Property development is a valuable economic engine in Malaysia that creates jobs, generates income and makes a critical contribution to the economy. It has a huge multiplier effect and is a significant driver of economic growth. SEAL aim to achieve business sustainability by combining measures to ensure long-term profitability and health growth through compliance with regulatory requirements, maintaining efficient product quality and customer management as well as prudent capital management. The Group ensure ethical business practice are embedded in its daily operations via adoption of the MCCG Principles as well as implementation of specific Code of Conduct and Business Ethics listed in the Employee Handbook.

SEAL's presence benefits communities in many ways and local development is a key part of being a sustainable company. SEAL's operations provide local people with clear long-term benefits wherever they are based. SEAL also provides employment to all local citizens.

The success of the Group over the years is linked to the success of the communities that SEAL operates in and this symbiotic relationship needs to be nurtured and developed with mutual trust, understanding and cooperation from all stakeholders.

SEAL realises the importance of delivery of good products in order to meet the stakeholders' and customers' satisfaction. SEAL is committed to adopt best practices and maintain high standards of corporate governance to protect shareholders' value and the interest of other stakeholders. Therefore, SEAL is committed to achieve and



maintain excellence in all the projects and considering the preservation of the natural environment. SEAL does its best to ensure minimal disruption to communities' living in close proximity to its projects to reflect the value of SEAL as a socially responsible organisation. SEAL upholds integrity in all its engagements with stakeholders by ensuring delivery of quality products and services in order to improve lives and to protect the natural environment for future generations. SEAL acknowledges its responsibility to keep its shareholders and the investment community updated with its current performance and forward outlook. Shareholders and stakeholders are able to gain a better understanding of SEAL's business activities as well as financial information, including the annual report via SEAL's website.



## SUSTAINABILITY STATEMENT (cont'd)



### ENVIRONMENTAL

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

SEAL's proper waste management abides by the 3Rs environmental protection: Reduce, Reuse and Recycle. SEAL follows these principles to reduce the amount of waste. SEAL believes that emphasis should be placed on conservation of environment by minimizing waste and emission to combat the adverse impact on environment due to the new developments in urban infrastructure. SEAL acknowledges that it is its responsibility for ensuring its operations are carried out in an environmentally responsible manner. It has identified some of the environmentally friendly initiatives and has used its resources to reduce its carbon footprint. In order to prevent wastage and to encourage environmentally friendly awareness among its employees,



SEAL has adopted a green policy to educate its employees to adopt environmental-friendly approach towards daily operations. These practices have been put into practice by instilling recycling habits into its employees. These practices include recycling paper, double-sided printing of documents to reduce paper usage and printing of documents that are transmitted through electronic communication channels only when necessary. Apart from recycling policy, simple energy saving methods were introduced to the employees, such as switching off non-essential equipments, lightings, electrical devices or air conditioners when not in use. SEAL is using energy-efficient tools, equipments and machineries, where possible.



SEAL is also exercising water-saving habits and adopting proper water conservation practices and recycling the water and harvesting rainwater for irrigation and cleaning purposes.



## SUSTAINABILITY STATEMENT (cont'd)

### SOCIAL

Employees are a vital component of a Company's business. Their performance, commitment and loyalty to the job are critical not only in achieving the Company's goals and objectives but most importantly for its long-term survival and sustainability. SEAL is working hard to provide a secure and friendly workplace that fosters creativity. SEAL's long-term commitments include building opportunities for the local population and maintaining a working environment that protects our people and ensures their health and safety.

We are constantly nurturing the skills and knowledge of our employees. SEAL continues to prioritise training and development programmes that create opportunities for professional growth for its employees. Various external and in-house trainings are conducted by SEAL for its employees to enhance their knowledge, skills and to keep abreast with latest developments. Fostering a happy and harmonious workplace, SEAL provides opportunities for its employees



to engage in activities that are recreational in order to create a healthy work-life balance. Such activities have added benefits of reinforcing interpersonal relationships and enhancing team spirit. A variety of events that cater to different interests such as annual dinner, company trips, team building, employees' birthday celebration as well as sports and recreational activities have been put in place.

In terms of employment opportunities, the Group believes in promoting gender equality and deserving staff are promoted strictly based on meritocracy without discriminating gender, age, race and religion.



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

”

## SUSTAINABILITY STATEMENT (cont'd)



SEAL supports the various charitable organisations, schools and worthy causes via donation and sponsorships. With the aim to promote social welfare among the less fortunate, SEAL has visited and donated to Pertubuhan Kebajikan Insan Penyayang, Penang and Nursing Home, Penang.

Continuous efforts are being made in Selayang Mall to co-organize society events such as "Blood Donation Campaign," "Majlis Pelancaran Sungai Buloh Night Run 2018," "Kaunter Aduan Bergerak," "NKF Lifecheck Health Screening Campaign," "Pertandingan Nyanyian Solo &



Kombo Sekolah-Sekolah Rendah & Menengah Peringkat Daerah Gombak 2018; "Zakat on Wheels," Hari Farmasi Seduna – Farmasi Zon Gombak; "Pertandingan Action Song Sekolah-sekolah Rendah Peringkat Negeri Selangor Tahun 2017," "Program Pintar Kreatif Tabika Perpaduan Daerah Gombak" and "Sambutan Minggu Kesihatan Mental Sedunia Peringkat Hospital Selayang 2017".

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





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

*(from Left to Right)*

## PROFILE OF DIRECTORS

## PROFILE OF DIRECTORS (cont'd)



### TUAN HAJI ABDUL HAMID BIN MOHD HASSAN

80 years of age | Male | Malaysian

*Chairman, Executive Director*

*Chairman, ESOS Committee*

*Member, Executive Committee*

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

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

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

## PROFILE OF DIRECTORS (cont'd)

### DATO' SRI KOAY TENG CHOON

55 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

42 years of age | Female | Malaysian

*Executive Director*

*Chairman, Executive Committee*

*Member, Remuneration Committee*

*Member, ESOS Committee*

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

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

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

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

### FANG PERN KOK

66 years of age | Male | Malaysian

*Non-Independent Non-Executive Director*

*Chairman, Remuneration Committee*

*Member, Nominating Committee*

*Member, ESOS Committee*

He was appointed to the Board on 3 October 2014. He was then appointed as Chairman of the Remuneration Committee and Nominating Committee on 24 November 2014. However, on 2 October 2018 he was re-designated from Chairman of Nominating Committee to member of the Nominating Committee. He has been a director of several private limited companies involved in investment holding since 1980.

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

## PROFILE OF DIRECTORS (cont'd)

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

77 years of age | Male | Malaysian

*Independent Non-Executive Director  
Member, Audit Committee*

He was appointed to the Board and the Audit Committee on 27 February 2017. He graduated from Malay College Kuala Kangsar, Perak obtaining Federation of Malaya Certificate of Education Grade III. He was appointed as Registrar of Session Court, Penang in 1980 and subsequently in year 1994 he was appointed as Senior Registrar of Subordinate Courts, Penang until his retirement in July 1996.

On July 2016, he was appointed as Yang Teramat Mulia Raja Kecil Tengah Perak by His Royal Highness Sultan Nazrin Muizzuddin Shah Ibni Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah, Sultan of Perak on the advice of Majlis Mesyuarat Dewan Negara Perak. He was conferred the Title of Dato' Seri by His Royal Highness Sultan of Perak on August 2016.

### **DATUK TAN HIANG JOO**

55 years of age | Male | Malaysian

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

He was appointed to the Board on 3 October 2014. He was then appointed as a member of the Audit Committee and Nominating Committee on 24 November 2014 and a member of the Remuneration Committee on 30 November 2016. Subsequently, he was re-designated as Chairman of the Nominating Committee on 2 October 2018.

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

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

### **ALLEN CHEE WAI HONG**

45 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 in the High Court of Malaya and is a member of the Malaysian Bar. He is also a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom and a Member of the Malaysian Institute of Accountants.

He has helmed the position of Executive Director of a Main Market listed company in Malaysia for 12 years where he was involved in the area of corporate finance. He is currently the managing partner of Allen Chee Ram.

## SENIOR MANAGEMENT TEAM

### HONG TEIK GUAN

55 years of age | Male | Malaysian  
*General Manager – Property Development Division*

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

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

He has more than twenty seven (27) 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

44 years of age | Female | Malaysian  
*General Manager – Mall Management Division*

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

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

She has more than nineteen (19) years of experiences in Mall Management. Prior to joining SEAL Group, she was with Mainstay Properties Sdn Bhd as General Manager leading the property investment which was actively involved in the planning for a premium outlet mall in Selangor.

### TEOH CHIEW BENG

48 years of age | Male | Malaysian  
*Assistant General Manager – Construction Division*

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

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

He has more than twenty (20) years of experience in Construction industry. Prior to joining SEAL Group, he was attached to various established construction and property development companies, namely Dekon Sdn Bhd, Ideal Capital Intelligence Sdn Bhd and Teh Kee Sing Engineering Sdn Bhd.

### TEH GUAT CHENG

43 years of age | Female | Malaysian  
*Assistant General Manager – Finance and Accounts Division*

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

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

She has more than twenty (20) years of experience in professional accountancy, auditing, taxation, management and planning. Prior to joining SEAL Group, she was attached to established professional audit firm, namely Kiat & Associates, and Khoo Coon Kiat & Associates.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## INTRODUCTION

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

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

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

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

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Principal Responsibilities of the Board

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

### Board Charter

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

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

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

- Code of Conduct
- Whistleblowing Policy
- Sustainability Policy

### Board Composition and Independence

The Board as at the date of this statement comprises seven (7) members which consist of three (3) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. The Board has complied with paragraph 15.02(1) of the Main Market Listing Requirements ("MMLR") by having a balanced composition of Executive and Non-Executive directors to ensure that no individual or small group of individuals could dominate the Board's decision making. The Independent Directors play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and decision-making process. Hence, they do not participate and are not involved in any other relationships with the Company which could materially interfere with the exercise of their independent judgements.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### Board Composition and Independence (cont'd)

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

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

The Board comprises members from diverse backgrounds ranging from accounting, finance, banking, legal, property sector and public service that add value to the Board as a whole. The combination of different experience and skills provide an insight into diversity and perspective as guidance for the Group in an increasing competitive business environment. The Board through the Nominating Committee conducts an annual review of its size and composition from time to time to ensure its effectiveness and to determine if the Board has the right size and sufficient diversity with their ability to discharge their duties to achieve the Company's objectives and strategic goal.

### Gender Diversity Policy

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

The Board has taken the first step towards achieving gender diversity by having Miss Fang Siew Hong as a member of the Board. Further in line with the policy of diversity in ethnicity and age, the Board members represent a range of ethnicities as shown in the Board line up and the age of the Directors ranged from 42 to 80.

### Foster Commitment

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

### Roles and Responsibilities of the Board

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

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

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

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



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### Roles and Responsibilities of the Board (cont'd)

Generally, the Chairman is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board, ensuring the Board carries out its responsibilities in the best interest of the Company and that all key issues are disclosed in a timely manner whilst the Executive Directors are responsible for the day-to-day management of the Group's business which includes decision-making on operation matters and implementation of the policies, strategic plans and decisions approved by the Board while the Non-Executive Directors contribute their knowledge and experience in business strategic plans.

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

### Board meetings

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

A total of five (5) Board Meetings were held during the financial year. All Directors have fulfilled the MMLR in relation to their attendance at Board Meetings. Details of attendance of Directors at the Board Meetings are as follows:

Name of Directors	Number of Meetings Attended
Tuan Haji Abdul Hamid Bin Mohd Hassan	5 out of 5
Dato' Sri Koay Teng Choon	3 out of 5
Fang Siew Hong	5 out of 5
Fang Pern Kok	5 out of 5
Yang Teramat Mulia Raja Kecil Tengah Perak	4 out of 5
Raja Dato' Seri Iskandar Bin Raja Ziran @ Raja Zaid	
Datuk Tan Hiang Joo	5 out of 5
Allen Chee Wai Hong	4 out of 5

### Access to Information and Advice

The Board has the full and unrestricted access to timely and accurate information of the Group. The agenda and board papers are circulated to the Board members at least five (5) days prior to the Board meeting to allow the directors to review, consider and deliberate knowledgeably on the issues and when necessary, to obtained further information, explanation and clarification on the matter to be discussed to facilitate informed decision making.

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

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### Recruitment or Appointment of Directors

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

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

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

### Re-Appointment and Re-election of Directors

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

### Directors' Training

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

All Directors receive updates from time to time, on relevant laws and regulations to enhance their business acumen and skills to meet the changing commercial challenges. The Directors have participated in conferences, seminars and training programmes and during the financial year ended 30 June 2018, the following training programmes and seminars were attended by the Directors:

- a) The Annual Report of Tomorrow – Guide to Forward-Looking Information
- b) Transitional Issues of GST
- c) Recent Updates on Tax Audits & Enforcement Actions by IRB

### Committees Established by the Board

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

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

### Audit Committee

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### Nominating Committee

The Nominating Committee was formed on 22 August 2002 and is tasked to oversee the effectiveness of Directors' selection process and appropriate structure for management development as well as to assess the performance of the Directors and Board Committees.

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

#### Members

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

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

- Review the terms of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and its members have carried out their duties in accordance with the terms of reference.
- Review the performance of the Nominating Committee and the Remuneration Committee.
- Review the performance of the Directors retiring at the next Annual General Meeting of the Company.
- Assesses the independence of the Independent Directors.
- Review the annual assessment of the effectiveness of the Board, Committees and Individual Directors with the following criteria used:

#### Audit Committee

- Quality and composition;
- Skills and competencies; and
- Meeting administration and conduct

#### Board of Directors

- Board Structure;
- Board Operations; and
- Board Roles and Responsibilities

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

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

### Remuneration Committee

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### Remuneration Committee (cont'd)

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

#### Members

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

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

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

### Directors' Remuneration

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

The details of the Directors and Senior Management remuneration for the financial year ended 30 June 2018 are as follows:-

	Executive Directors RM	Non-Executive Directors RM	Total RM
<b>Group</b>			
Fee	–	168,000	168,000
Salaries & EPF	663,950	–	663,950
Bonus and incentives	41,800	–	41,800
Benefits-in-kind	47,900	–	47,900
Total	753,650	168,000	921,650
<b>Company</b>			
Fee	–	168,000	168,000
Salaries & EPF	569,150	–	569,150
Bonus and incentives	36,000	–	36,000
Total	605,150	168,000	773,150

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## Executive Directors' Remuneration

### Group & Company

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

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

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

## Non-Executive Directors' Remuneration

### Group & Company

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

## Senior Management Remuneration

	Number of Senior Management			
RM	Salary & EPF	Allowances	Bonus & Incentives	Benefits-in-kind
Below 50,000		4	4	3
100,001 – 150,000	2			
250,001 – 300,000	2			

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Risk Management and Internal Control Framework

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

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

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

### Assessment of Suitability and Independence of External Auditors

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

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

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

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

### Relationship with Auditors

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

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

### Communication with Stakeholders

The Group recognizes the importance of effectiveness and clear communication between the shareholders, potential investor and the public. The Group practices the highest standard of transparency and accountability in its communication and disclosure of information pertinent to the Group. This includes timely announcements and disclosure made to Bursa Securities during the year. The announcements and disclosure include release of quarterly financial results and circulars to shareholders. The regularly updated information pertinent to the Group can be obtained from the Company's website at [www.sib.com.my](http://www.sib.com.my). The Group's website provides an avenue for the latest information dissemination to the shareholders and public, with dedicated sections on corporate information and investors' relations including financial information, announcements, financial highlights and corporate governance.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

#### Conduct of General Meetings

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

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

#### Poll Voting

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

### COMPLIANCE WITH THE CODE

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

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

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

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

This CG Overview Statement was approved by the Board of Directors of Seal Incorporated Berhad on 2 October 2018.





## DIRECTORS' RESPONSIBILITY STATEMENT

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

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgments and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed; and
- prepared the financial statements on a going concern basis.

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

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



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

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

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

## RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

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

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

## RISK MANAGEMENT

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

## INTERNAL AUDIT

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

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

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

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

## INTERNAL AUDIT (cont'd)

A total of 2 internal audit reviews were conducted by BDO Governance Advisory Sdn. Bhd. for the financial year of 30 June 2018. The details of the said review can be delineated as follows:-

Internal Audit Visits	Audit Period	Audited Areas
First Visit in April 2018	October 2017 - March 2018	<ul style="list-style-type: none"> <li>• Pre-Project Management</li> <li>• Construction Management</li> </ul>
Second Visit in July 2018	January 2018 – June 2018	<ul style="list-style-type: none"> <li>• Mall Management</li> </ul>

## 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 2018 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 2018. 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 22 October 2018.

# 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 2018, there are five (5) audit committee meetings held and the details of the attendance of each member of the committee are tabulated below:

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

## SUMMARY OF WORKS OF THE AUDIT COMMITTEE

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

### Financial Reporting

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

### Internal Audit

- reviewed and approved internal audit plan for the financial year 2018 including its scope, basis of assessments and risks ratings of the proposed areas of audit to assess the adequacy and effectiveness of internal control;
- reviewed the internal audit reports and audit recommendations made by the internal auditors and management's responses thereto. The internal auditors monitored the implementation of management action plan through follow-up audit to ensure all key risks and weaknesses were being addressed;
- carried out an annual review of performance of the Internal Audit Function including assessment of their suitability and independence in performing their obligations by completing a formal evaluation form.

### External Audit

- reviewed and discussed with external auditors significant accounting and auditing issues and the resultant audited financial statements arising from the audit. The Audit Committee also had two private discussions with the external auditors without the presence of management and executive board members on 21 August 2017 and 21 May 2018, 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 21 May 2018 on the scope of work and audit plan of the Group for the financial year ended 30 June 2018, proposed audit reporting schedule and new development on financial reporting standards applicable to the Group;
- reviewed the extent of assistance rendered by management in the course of audit; and
- reviewed the performance and effectiveness of external auditor including assessment of their suitability and independence in performing their obligations and made recommendation to the Board for approval of their re-appointment.

### Annual Report

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

## INTERNAL AUDIT FUNCTION

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

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

## ADDITIONAL COMPLIANCE INFORMATION

### Relationship / Conflict of Interest

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

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

### Offence

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

### Audit and Non-Audit Fees

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

	Group RM	Company RM
Audit Fees	100,500	32,000
Non-Audit Fees	3,000	3,000

### Status of Utilisation of Proceeds

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

### Material Contracts

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



## DIRECTORS' REPORT

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

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 2018.

#### PRINCIPAL ACTIVITIES

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

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

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

#### RESULTS

	GROUP RM	COMPANY RM
Profit after tax for the financial year	14,317,699	25,234,089
Attributable to:		
Owners of the Company	14,853,344	25,234,089
Non-controlling interests	(535,645)	–
	14,317,699	25,234,089

#### DIVIDENDS

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

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

#### RESERVES AND PROVISIONS

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

#### SHARE CAPITAL AND DEBENTURE

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

#### TREASURY SHARES

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

As at 30 June 2018, the Company held a total of 5,896,500 treasury shares out of its 242,952,684 issued ordinary shares. The treasury shares are held at a carrying amount of RM2,165,586 and further relevant details are disclosed in Note 19 to the financial statements.

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

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

As at 30 June 2018, no options were granted.

The salient features of the ESOS are disclosed in Note 39 to the financial statements.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (cont'd)

### DIRECTORS

The Directors who served since the beginning of the financial year up to the date of this report are as follows:

#### *Directors of the Company:*

- \* Tuan Haji Abdul Hamid Bin Mohd Hassan
- \* Dato' Sri Koay Teng Choon
- \* Fang Siew Hong
- Fang Pern Kok
- Yang Teramat Mulia Raja Kecil Tengah Perak Raja Dato' Seri Iskandar Bin Raja Ziran @ Raja Zaid
- Datuk Tan Hiang Joo
- Chee Wai Hong

#### *Director of a subsidiary:*

**Nik Mohd Kamal Bin Nik Mahmud**

- \* also director of subsidiaries

### DIRECTORS' INTERESTS

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

	Balance at 1.7.2017	Number of ordinary shares		Balance at 30.6.2018
		Bought	Sold	
<b>The Company</b>				
<b>Direct Interest:</b>				
Dato' Sri Koay Teng Choon	29,899,200	5,545,010	–	35,444,210
Datuk Tan Hiang Joo	29,000	–	–	29,000
<b>Deemed Interest:</b>				
<sup>1</sup> Dato' Sri Koay Teng Choon	4,867,100	–	–	4,867,100
<sup>2</sup> Fang Siew Hong	20,000,000	–	–	20,000,000
<sup>3</sup> Fang Pern Kok	27,685,300	2,285,100	–	29,970,400

Note:

- <sup>1</sup> Deemed interested by virtue of shares held by immediate family members of the directors.
- <sup>2</sup> Deemed interested by virtue of shares held by a company in which the director has interest.
- <sup>3</sup> Deemed interested by virtue of shares held by immediate family members and a company in which the director has interest.

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



## DIRECTORS' REPORT

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (cont'd)

#### DIRECTORS' REMUNERATION AND BENEFITS

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

	COMPANY RM	SUBSIDIARIES RM	GROUP RM
Fees	168,000	–	168,000
Salaries and allowances	540,000	100,600	640,600
Defined contribution plans	65,150	–	65,150
Benefits in-kind	–	47,900	47,900
	<u>773,150</u>	<u>148,500</u>	<u>921,650</u>

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

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

#### INDEMNITY TO DIRECTORS, OFFICERS AND AUDITORS

There is no indemnity given to or insurance effected for any of the director, officer and auditors of the Company during the financial year.

#### OTHER STATUTORY INFORMATION

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

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

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

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

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (cont'd)

### OTHER STATUTORY INFORMATION (cont'd)

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

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

In the opinion of the directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due,
- (ii) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

### AUDITORS

The total amount of fees receivable by the auditors, **Grant Thornton**, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 30 June 2018 is disclosed in Note 30 to the financial statements.

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

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

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

**Penang,**

**Date: 22 October 2018**

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

## DIRECTORS' STATEMENT

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (cont'd)

In the opinion of the directors, the financial statements set out on pages 43 to 102 are properly drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and of their financial performance and cash flows for the financial year then ended.

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

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

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

**Date: 22 October 2018**

## 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 43 to 102 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 22 )  
 day of **October 2018**. )

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

**Before me,**

.....  
**Liew Juan Leng (P162)**  
**Commissioner for Oaths**

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SEAL INCORPORATED BERHAD

### Report on the Financial Statements

#### Opinion

We have audited the financial statements of **Seal Incorporated Berhad**, which comprise the statements of financial position as at **30 June 2018** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including significant accounting policies, as set out on pages 43 to 102.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at **30 June 2018**, 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, 2016 in Malaysia.

#### Basis for Opinion

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

#### Independence and Other Ethical Responsibilities

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

#### Key audit matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<b>Assessment of impairment of trade and other receivables</b> <i>(Note 11 and 12 to the financial statements)</i>	
<p>The Group has significant trade and other receivables as at 30 June 2018 and these are subject to credit risk exposure. We focus on these areas as the assessment of recoverability of receivables involved management judgements and estimation uncertainty in determining the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.</p>	<p>Our audit procedures in relation to management's impairment assessment included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of: <ul style="list-style-type: none"> <li>- the Group's control over the customers collection process;</li> <li>- how the Group identifies and assesses the impairment of trade and other receivables; and</li> <li>- how the Group makes the accounting estimates for impairment.</li> </ul> </li> <li>• Reviewing the aging analysis of trade and other receivables and testing the reliability thereof.</li> <li>• Reviewing subsequent collections for major trade and other receivables and overdue amounts.</li> <li>• Making inquiries of management regarding the action plans to recover overdue balances.</li> <li>• Examining other evidence including customer correspondences.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SEAL INCORPORATED BERHAD (cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Assessment of impairment of timber concessions</b> (Note 8 to the financial statements)</p> <p>The Group and the Company perform an annual impairment review to identify impairment indication. Impairment loss indication arises when the recoverable amount estimated is lower than the carrying amount of the timber concessions. When assessing the recoverable amount of the timber concession, management would make significant estimation about future results and their profitability together with the assumptions underlying these.</p>	<p>Our audit procedures in relation to the management's impairment assessment included:</p> <ul style="list-style-type: none"> <li>• Evaluating the assumptions and methodologies used by the Group and by the Company for the profit forecast and projected cash flows.</li> <li>• Enquiring management to obtain an understanding of the likelihood of the Group and the Company generating revenue from their timber activity.</li> <li>• Evaluating the reasonableness of the estimated profits to be derived from its timber activity by comparing the estimated profits with the actual profits derived from current and previous years.</li> <li>• Assessing the appropriateness of the discount rate used to determine the present value of the cash flows.</li> </ul>
<p><b>Revenue recognition for construction contracts</b> (Note 27 to the financial statements)</p> <p>During the financial year, the Group recognises revenue from its construction activity based on the percentage-of-completion ("POC") method, totalling RM75.6 million.</p> <p>The POC on its construction project was measured by reference to the stage of completion of the contract activity at the end of the reporting period.</p> <p>Significant management judgement is required in estimating the physical proportion of the contract work completed on the contracts and the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms and claims.</p>	<p>Our audit procedures in relation to the recognition of construction revenue include:</p> <ul style="list-style-type: none"> <li>• Evaluating the effectiveness of management's controls over the estimation of total costs and assessing the reasonableness of key inputs in the cost estimation.</li> <li>• Inspecting documentation to support cost estimates made.</li> <li>• Testing the appropriateness of estimated costs by comparing these against actual costs incurred.</li> <li>• Recomputing the revenue and costs recognised for the current financial year based on the POC and traced these to the accounting records.</li> <li>• Considering the adequacy of the Group's disclosures in respect of revenue from construction contracts.</li> </ul>

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

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

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

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

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



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SEAL INCORPORATED BERHAD (cont'd)

### Directors' Responsibilities for the Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF SEAL INCORPORATED BERHAD (cont'd)**

#### **Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)**

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

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

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

#### **Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

**Penang**

**Date: 22 October 2018**

**Hooi Kok Mun**  
**No. 02207/01/2020 (J)**  
**Chartered Accountant**

# STATEMENTS OF FINANCIAL POSITION

## AS AT 30 JUNE 2018

		GROUP		COMPANY	
	NOTE	2018 RM	2017 RM	2018 RM	2017 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	2,172,004	2,094,335	144,902	160,215
Investment properties	5	54,767,820	67,610,009	1,630,000	1,630,000
Land held for development	6	94,956,878	72,574,893	17,570,925	17,542,605
Investment in subsidiaries	7	–	–	40,574,390	44,274,390
Timber concession	8	11,314,218	11,896,731	2,194,244	2,194,244
		<b>163,210,920</b>	<b>154,175,968</b>	<b>62,114,461</b>	<b>65,801,454</b>
<b>Current assets</b>					
Property development costs	9	16,681,584	36,868,132	–	–
Inventories	10	11,365,942	15,008,807	–	–
Trade receivables	11	69,986,858	57,071,279	–	96,557
Other receivables	12	63,793,211	77,497,019	167,934	183,599
Amount due from subsidiaries	13	–	–	167,107,875	153,087,725
Current tax assets		4,316,460	1,379,207	–	28,000
Other investments	14	21,444,214	811,370	1,000,000	–
Deposits with licensed banks	15	24,367,582	7,330,460	3,561,528	396,414
Cash and bank balances	16	8,250,629	7,870,919	2,969,849	583,220
		<b>220,206,480</b>	<b>203,837,193</b>	<b>174,807,186</b>	<b>154,375,515</b>
Non-current assets held for sale	17	14,065,277	–	–	–
		<b>234,271,757</b>	<b>203,837,193</b>	<b>174,807,186</b>	<b>154,375,515</b>
<b>TOTAL ASSETS</b>		<b>397,482,677</b>	<b>358,013,161</b>	<b>236,921,647</b>	<b>220,176,969</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	18	142,629,537	142,629,537	142,629,537	142,629,537
Treasury shares	19	(2,165,586)	(2,165,586)	(2,165,586)	(2,165,586)
Reserves	20	352,940	352,940	352,940	352,940
Retained profits	21	126,051,072	111,402,564	68,209,166	42,975,077
		<b>266,867,963</b>	<b>252,219,455</b>	<b>209,026,057</b>	<b>183,791,968</b>
<b>Non-controlling interests</b>		<b>5,885,530</b>	<b>6,776,419</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>		<b>272,753,493</b>	<b>258,995,874</b>	<b>209,026,057</b>	<b>183,791,968</b>
<b>Non-current liabilities</b>					
Borrowings	22	23,264,070	24,312,133	–	–
Deferred tax liabilities	23	483,142	390,142	6,784	6,784
		<b>23,747,212</b>	<b>24,702,275</b>	<b>6,784</b>	<b>6,784</b>
<b>Current liabilities</b>					
Gross amount due to customers on contracts	24	6,034,957	3,295,467	–	–
Trade payables	25	28,041,013	16,134,571	2,444	12,567
Other payables	26	30,212,806	24,104,723	342,177	434,949
Amount due to subsidiaries	13	–	–	27,435,685	35,930,701
Borrowings	22	35,718,982	29,262,483	–	–
Current tax liabilities		974,214	1,517,768	108,500	–
		<b>100,981,972</b>	<b>74,315,012</b>	<b>27,888,806</b>	<b>36,378,217</b>
<b>Total liabilities</b>		<b>124,729,184</b>	<b>99,017,287</b>	<b>27,895,590</b>	<b>36,385,001</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>397,482,677</b>	<b>358,013,161</b>	<b>236,921,647</b>	<b>220,176,969</b>

The notes set out on pages 50 to 102 form an integral part of these financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	NOTE	GROUP		COMPANY	
		2018 RM	2017 RM	2018 RM	2017 RM
Revenue	27	<b>135,573,021</b>	83,182,763	<b>27,216,686</b>	18,320,908
Direct operating costs	28	<b>(108,150,242)</b>	(67,758,572)	<b>–</b>	(5,832,806)
<b>Gross profit</b>		<b>27,422,779</b>	15,424,191	<b>27,216,686</b>	12,488,102
Other income	29	<b>7,407,151</b>	9,690,183	<b>4,931,804</b>	3,521,048
Administrative expenses		<b>(15,085,410)</b>	(15,185,118)	<b>(5,203,255)</b>	(7,498,049)
<b>Operating profit</b>		<b>19,744,520</b>	9,929,256	<b>26,945,235</b>	8,511,101
Finance costs		<b>(1,334,656)</b>	(1,183,866)	<b>(986,171)</b>	(276,383)
<b>Profit before tax</b>	30	<b>18,409,864</b>	8,745,390	<b>25,959,064</b>	8,234,718
Tax expense	31	<b>(4,092,165)</b>	(7,921,627)	<b>(724,975)</b>	(759,082)
<b>Net profit, representing total comprehensive income for the financial year</b>		<b>14,317,699</b>	823,763	<b>25,234,089</b>	7,475,636
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		<b>14,853,344</b>	(9,037,469)	<b>25,234,089</b>	7,475,636
Non-controlling interests		<b>(535,645)</b>	9,861,232	<b>–</b>	–
		<b>14,317,699</b>	823,763	<b>25,234,089</b>	7,475,636
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		<b>14,853,344</b>	(9,037,469)	<b>25,234,089</b>	7,475,636
Non-controlling interests		<b>(535,645)</b>	9,861,232	<b>–</b>	–
		<b>14,317,699</b>	823,763	<b>25,234,089</b>	7,475,636
<b>Earnings/(Losses) per share attributable to owners of the Company (sen)</b>					
– Basic	32	<b>6.27</b>	(3.98)		
– Diluted	32	<b>–</b>	–		

The notes set out on pages 50 to 102 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

NOTE	Attributable to owners of the Company						Total Equity RM
	Share Capital RM	Share Premium RM	Treasury Shares RM	Reserves RM	Retained Profits RM	Non-controlling Interests RM	
<b>2018</b>							
Balance at beginning	142,629,537	-	(2,165,586)	352,940	111,402,564	6,776,419	258,995,874
Total comprehensive income for the financial year	-	-	-	-	14,853,344	(535,645)	14,317,699
<i>Transactions with owners:</i>							
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	(560,000)	(560,000)
Acquisition of equity interests of subsidiaries from non-controlling interests	-	-	-	-	(204,836)	204,756	(80)
Total transactions with owners of the Company	-	-	-	-	(204,836)	(355,244)	(560,080)
Balance at end	142,629,537	-	(2,165,586)	352,940	126,051,072	5,885,530	272,753,493
<b>2017</b>							
Balance at beginning	88,561,074	45,448,463	(2,163,921)	(955,163)	110,307,925	65,257,420	306,455,798
Total comprehensive income for the financial year	-	-	-	-	(9,037,469)	9,861,232	823,763
<i>Transactions with owners:</i>							
Issuance of shares pursuant to private placement	8,620,000	-	-	-	-	-	8,620,000
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	(56,322,004)	(56,322,004)
Acquisition of equity interests of subsidiaries from non-controlling interests	-	-	-	1,308,103	10,132,108	(12,020,229)	(580,018)
Purchase of treasury shares	-	-	(1,665)	-	-	-	(1,665)
Total transactions with owners of the Company	8,620,000	-	(1,665)	1,308,103	10,132,108	(68,342,233)	(48,283,687)
Transition to no-par value regime on 31 January 2017	45,448,463	(45,448,463)	-	-	-	-	-
Balance at end	142,629,537	-	(2,165,586)	352,940	111,402,564	6,776,419	258,995,874

The notes set out on pages 50 to 102 form an integral part of these financial statements.



# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

NOTE	Non-distributable				Distributable		Total Equity RM
	Share Capital RM	Share Premium RM	Treasury Shares RM	Reserves RM	Retained Profits RM		
2018							
Balance at beginning	142,629,537	-	(2,165,586)	352,940	42,975,077	183,791,968	
Net profit, representing total comprehensive income for the financial year	-	-	-	-	25,234,089	25,234,089	
Balance at end	142,629,537	-	(2,165,586)	352,940	68,209,166	209,026,057	
2017							
Balance at beginning	88,561,074	45,448,463	(2,163,921)	352,940	35,499,441	167,697,997	
Net profit, representing total comprehensive income for the financial year	-	-	-	-	7,475,636	7,475,636	
Transactions with owners:							
18	8,620,000	-	-	-	-	8,620,000	
19	-	-	(1,665)	-	-	(1,665)	
Total transactions with owners of the Company							
18	8,620,000	-	(1,665)	-	-	8,618,335	
Transition to no-par value regime on 31 January 2017							
18	45,448,463	(45,448,463)	-	-	-	-	
Balance at end							
	142,629,537	-	(2,165,586)	352,940	42,975,077	183,791,968	

The notes set out on pages 50 to 102 form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	<b>18,409,864</b>	8,745,390	<b>25,959,064</b>	8,234,718
Adjustments for:				
Bad debts	<b>6,387</b>	–	–	–
Deemed loss on deconsolidation of a subsidiary	–	2	–	–
Depreciation	<b>535,609</b>	450,392	<b>15,313</b>	30,892
Dividend income	<b>(244,998)</b>	(582,392)	<b>(27,200,000)</b>	(10,406,577)
Fair value changes on investment properties	<b>(1,223,088)</b>	(7,102,831)	–	(135,673)
Gain on disposal of property, plant and equipment	–	(1,730)	–	(1,730)
Impairment loss on investment in a subsidiary	–	–	<b>3,700,000</b>	–
Impairment loss on receivables	<b>277,839</b>	–	–	–
Impairment loss on timber concession	–	4,864,410	–	4,864,410
Interest expense	<b>1,334,656</b>	1,183,866	<b>986,171</b>	276,383
Interest income	<b>(1,478,578)</b>	(1,188,663)	<b>(4,791,795)</b>	(2,904,081)
Property, plant and equipment written off	<b>9,889</b>	15,991	–	15,991
Timber concession cost recognised	<b>582,513</b>	–	–	–
Operating profit/(loss) before working capital changes	<b>18,210,093</b>	6,384,435	<b>(1,331,247)</b>	(25,667)
Increase in land held for development	<b>(22,381,985)</b>	(28,320)	<b>(28,320)</b>	(28,320)
Decrease in property development costs	<b>20,186,548</b>	16,539,391	–	–
Increase in gross amount due to customers on contracts	<b>2,739,490</b>	599,717	–	–
Decrease in inventories	<b>3,642,865</b>	7,224,513	–	–
Decrease/(Increase) in receivables	<b>504,003</b>	(47,874,387)	<b>112,222</b>	624,754
Increase/(Decrease) in payables	<b>18,014,525</b>	3,249,725	<b>(102,895)</b>	(5,077,129)
Net change in subsidiaries' balances	–	–	–	1,004,476
Cash generated from/(used in) operations	<b>40,915,539</b>	(13,904,926)	<b>(1,350,240)</b>	(3,501,886)
Income tax paid	<b>(7,826,419)</b>	(5,480,375)	<b>(588,475)</b>	(1,218,398)
Income tax refunded	<b>346,447</b>	–	–	–
Interest paid	<b>(1,334,656)</b>	(1,483,843)	<b>(93,869)</b>	(40,162)
Net cash from/(used in) operating activities	<b>32,100,911</b>	(20,869,144)	<b>(2,032,584)</b>	(4,760,446)

The notes set out on pages 50 to 102 form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (cont'd)

	NOTE	GROUP		COMPANY	
		2018 RM	2017 RM	2018 RM	2017 RM
Net cash from/(used in) operating activities		<b>32,100,911</b>	(20,869,144)	<b>(2,032,584)</b>	(4,760,446)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of equity interests in subsidiaries from non-controlling interests		<b>(80)</b>	(580,018)	–	–
Cash flows from deconsolidation of a subsidiary	A	–	(2)	–	–
Dividends received		<b>244,998</b>	582,392	<b>27,200,000</b>	10,406,577
Interest received		<b>1,451,369</b>	1,183,702	<b>317,538</b>	2,904,081
Investment in subsidiaries		–	–	–	(1,000,000)
Net change in subsidiaries' balances		–	–	<b>(18,933,211)</b>	(32,943,707)
Proceeds from disposal of property, plant and equipment		–	2,830	–	87,628
Proceeds from redemption of unit trusts		<b>40,660,000</b>	23,440,489	–	2,714,655
Purchase of short term investments		<b>(61,292,844)</b>	(13,000,000)	<b>(1,000,000)</b>	(2,000,000)
Purchase of property, plant and equipment	B	<b>(273,167)</b>	(85,635)	–	(16,380)
Withdrawal of fixed deposits		–	296,141	–	1,442,862
Withdrawal of funds from Institutional Trust Account		–	10,298,625	–	10,298,625
Net cash (used in)/from investing activities		<b>(19,209,724)</b>	22,138,524	<b>7,584,327</b>	(8,105,659)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid to non-controlling interests of subsidiaries		<b>(560,000)</b>	(56,322,004)	–	–
Drawdown of commodity financing		–	5,000,000	–	–
Drawdown of factoring		<b>9,501,742</b>	5,676,719	–	–
Drawdown of term loans		–	5,000,000	–	–
Repayment of term loans		<b>(3,882,264)</b>	(13,609,080)	–	–
Repayment of finance lease liabilities		<b>(274,894)</b>	(291,235)	–	–
Placement of fixed deposit with licensed banks		<b>(1,905,315)</b>	–	–	–
Proceeds from private placement		–	8,620,000	–	8,620,000
Purchase of treasury shares		–	(1,665)	–	(1,665)
Withdrawal of fixed deposits		<b>396,414</b>	–	<b>396,414</b>	–
Net cash from/(used in) financing activities		<b>3,275,683</b>	(45,927,265)	<b>396,414</b>	8,618,335
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>16,166,870</b>	(44,657,885)	<b>5,948,157</b>	(4,247,770)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>		<b>3,579,995</b>	48,237,880	<b>583,220</b>	4,830,990
<b>CASH AND CASH EQUIVALENTS AT END</b>	C	<b>19,746,865</b>	3,579,995	<b>6,531,377</b>	583,220

The notes set out on pages 50 to 102 form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (cont'd)

NOTES	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
<i>A. Cash flows from deconsolidation of a subsidiary</i>				
Bank balance, representing net assets deconsolidated	-	2	-	-
Deemed loss on deconsolidation of investment in a subsidiary	-	(2)	-	-
Less: Bank balance	-	(2)	-	-
	-	(2)	-	-
<i>B. Purchase of property, plant and equipment</i>				
Total acquisition cost	<b>623,167</b>	175,635	-	16,380
Acquisition under finance lease	<b>(350,000)</b>	(90,000)	-	-
Total cash acquisition	<b>273,167</b>	85,635	-	16,380
<i>C. Cash and cash equivalents</i>				
Deposits with licensed banks	<b>24,367,582</b>	7,330,460	<b>3,561,528</b>	396,414
Cash and bank balances	<b>8,250,629</b>	7,870,919	<b>2,969,849</b>	583,220
Bank overdraft	<b>(9,630,792)</b>	(9,916,940)	-	-
	<b>22,987,419</b>	5,284,439	<b>6,531,377</b>	979,634
Less: Deposits pledged with licensed banks	<b>(3,240,554)</b>	(1,704,444)	-	(396,414)
	<b>19,746,865</b>	3,579,995	<b>6,531,377</b>	583,220

The notes set out on pages 50 to 102 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018

### 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 22 October 2018.

#### 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, 2016 in Malaysia.

#### 2.2 Basis of Measurement

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

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

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

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

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

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

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

#### 2.3 Functional and Presentation Currency

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

#### 2.4 Adoption of Amendments/Improvements to FRS

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

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

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

*Amendments to FRS 107 Disclosure Initiative*

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

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

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

The Group and the Company have applied these amendments for the first time in the current financial year. The amendments require the Group and the Company to disclose a reconciliation between the opening and closing balances for liabilities arising from financing activities, including changes arising from both cash flows and non-cash changes, which is disclosed in Note 36.6 to the financial statements.

### 2.5 Standards Issued But Not Yet Effective

#### 2.5.1 Malaysian Financial Reporting Standards

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

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

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

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

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2019 and the application of MFRS Framework is not expected to have any material impact to the financial statements of the Group and of the Company.

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

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

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

*MFRS 15 Revenue from Contracts with Customers*

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

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

*Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures*

*Amendments to MFRS 140 Investment Property: Transfer of Investment Property*

*Annual Improvements to MFRS 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interest in Other Entities)*

*IC Interpretation ("IC Int") 22 Foreign Currency Transactions and Advance Consideration*

##### **Effective for annual periods beginning on or after 1 January 2019**

*MFRS 16 Leases*

*Amendments to MFRS 9 Financial Instruments: Prepayment Features with Negative Compensation*

*Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement*

*Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*

*IC Int 23 Uncertainty over Income Tax Treatments*

*Annual Improvements to MFRS Standards 2015-2017 Cycle*

##### **Effective for annual periods beginning on or after 1 January 2020**

*Amendments to References to Conceptual Framework on MFRS Standards*

*(MFRS 2, 3, 6, 14, 101, 128, 134, 137, 138 and IC Interpretation 12, 19, 20, 22, 132)*

##### **Effective for annual periods beginning on or after 1 January 2021**

*MFRS 17 Insurance Contracts*

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

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

The existing *MFRS 4* and Amendments to *MFRS 4* will be withdrawn upon the adoption of the new *MFRS 17* which will take effect on or after 1 January 2021.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

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

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

The initial application of the above standards is not expected to have any material impact to the financial statements of the Group and of the Company upon adoption except as mentioned below:

##### ***MFRS 9 Financial Instruments***

*MFRS 9 Financial Instruments* replaces *MFRS 139 Financial Instruments: Recognition and Measurement* and all previous versions of *MFRS 9*. *MFRS 9* brings together all three aspects of the accounting for financial instruments project: (i) classification and measurement, (ii) impairment and (iii) hedge accounting. *MFRS 9* is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. However, the directors deem the hedge accounting requirements under this standard to be irrelevant as the Group and the Company do not apply hedge accounting.

The Group and the Company plan to adopt the new standard on the required effective date. During 2018, the Group and the Company have performed a detailed impact assessment of aspects (i) and (ii). This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and to the Company in 2019 when the Group and the Company adopt *MFRS 9*. Overall, the Group and the Company expect no significant impact on the statement of financial position and equity.

##### **(i) Classification and measurement**

##### **Financial assets**

Investments in unquoted equity shares are intended to be held for the foreseeable future, any impairment loss is to be recognised in profit or loss. The Group and the Company do not expect any changes with the adoption of new *MFRS 9* as it is consistent with the Group and the Company current practice.

Other investment comprises of investment in unit trusts is currently held as available-for-sale ("AFS") with gains and losses recorded in other comprehensive income will be reclassified as fair value through other comprehensive income ("FVOCI"). *MFRS 9* requires all equity investments to be measured as fair value and by default any changes in fair value will be recognised in other comprehensive income. The Group and the Company expect a change in the classification of the investment in other investment but do not expect any changes on the subsequent measurement of the other investment as the current practice of the Group and the Company is consistent with *MFRS 15*.

The Group and the Company assessed that all trade and other receivables, including intragroup balances are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group and the Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under *MFRS 9*. Therefore, reclassification for these instruments is not required.

##### **Financial liabilities**

There will be no impact on the Group's and on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group and the Company do not have such liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

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

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

###### (ii) Impairment

*MFRS 9* requires the Group and the Company to record Expected Credit Losses ("ECL") on all of the Group's and the Company's trade and other receivables including intragroup balances, either on a 12-month or lifetime basis. The Group and the Company will apply the simplified approach prescribed by *MFRS 9*, which requires a lifetime ECL to be recognised from initial recognition of the trade and other receivables which are financial assets. The expected impact from implementation of *MFRS 9* and the determination of ECL will have a relatively insignificant impact on the Group's and on the Company's receivables and profit/loss before tax as the current policy on impairment of receivables are considered reasonably consistent with *MFRS 9*.

In summary, the adoption of *MFRS 9* is not expected to have any material impact to the financial statements of the Group and of Company for the financial year ending 30 June 2019.

###### ***MFRS 15 Revenue from Contracts with Customers***

*MFRS 15* replaces the guidance in *MFRS 111 Construction Contracts*, *MFRS 118 Revenue*, *IC Int 13 Customer Loyalty Programmes*, *IC Int 15 Agreements for Construction of Real Estate*, *IC Int 18 Transfers of Assets from Customers* and *IC Int 131 Revenue – Barter Transactions Involving Advertising Services*.

The core principle of *MFRS 15* is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under *MFRS 15*, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The standard identifies three (3) situations where control of the promised goods or services is regarded as being transferred over time:

- (i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- (ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- (iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

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

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

The Group and the Company have performed a preliminary impact assessment of adopting *MFRS 15* based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group and the Company adopt *MFRS 15* in 2019. The assessment has identified the following areas that will be affected:

- Construction contract and property development revenues are recognised using the percentage of completion method.

Construction contract revenue recognised when performance obligations for construction of properties are satisfied over time where the Group is restricted contractually from directing the properties for another use as they are being constructed and has an enforceable right to payment for performance completed to date.

Revenue from property development in relation to the sales of completed units which is currently recognised at a point in time when significant risks and rewards have been transferred to the customers.

The Group does not expect any material transition adjustments as the revenue recognition for both under *MFRS 15* is consistent with the Group's current practice.

- Revenue relating to sales of timber which are recognised when significant risks and rewards of ownership have been transferred to the customers based on the Group's current practice. As the transfer of risks and rewards generally coincides with the transfer of control at a point in time, the timing and amount of revenue recognised for the sale of timber under *MFRS 15* is consistent with the Group's current practice. Based on the preliminary assessment of adopting *MFRS 15*, the Group does not expect any transition adjustments.
- Rental received from the letting of properties, shop lots, advertisement billboard, car park and event space which are recognised on a time proportion basis over the lease term and upon the satisfaction of performance obligations at a point in time. The Group does not expect any transition adjustments as the Group's current practice in revenue recognition is consistent with *MFRS 15*.
- Revenue from provision of marketing services is recognised when services are rendered or performed based on the current practice at a point in time. Upon the adoption of *MFRS 15*, revenue from provision of marketing services is to be recognised over time when performance obligations are met, that is when the marketing services take place. The Group expects a change in the revenue recognition but does not expect the change to be materially different from its current practice upon the adoption of *MFRS 15*.
- Presentation of contract assets and contract liabilities in the statement of financial position – *MFRS 15* requires separate presentation of contract assets and contract liabilities in the statements of financial position. This will result in some reclassifications as of 1 July 2018 in relation to contract assets and contract liabilities.



# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

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

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

###### ***MFRS 16 Leases***

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

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

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

*MFRS 16* also requires lessees and lessors to make more extensive disclosures than under *MFRS 117*.

*MFRS 16* is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies *MFRS 15*. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group and the Company plans to assess the potential effect of *MFRS 16* on its financial statements in 2019.

#### 2.6 Significant Accounting Estimates and Judgements

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

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

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

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

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

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

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

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

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

##### (iii) Property development

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

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

##### (iv) Construction contracts

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

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

##### (v) Inventories

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

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

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

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

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

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

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

###### (vii) Income taxes

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Basis of Consolidation

##### (i) Subsidiaries

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 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

## - 30 JUNE 2018 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Property, Plant and Equipment

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

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

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

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

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

#### 3.3 Investment Properties

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

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

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

#### 3.4 Leases

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

##### Finance lease

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

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

## - 30 JUNE 2018 (cont'd)

### 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

## - 30 JUNE 2018 (cont'd)

### 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 exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

#### 3.7 Timber Concession

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

#### 3.8 Impairment of Non-Financial Assets

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

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

The recoverable amount of an asset 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

## - 30 JUNE 2018 (cont'd)

### 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.

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

## - 30 JUNE 2018 (cont'd)

### 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.10 Impairment of Financial Assets (cont'd)

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

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

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

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

#### 3.11 Inventories

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

#### 3.12 Cash and Cash Equivalents

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

#### 3.13 Provisions

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

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

#### 3.14 Income Recognition

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

##### (i) Property development revenue

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.14 Income Recognition (cont'd)

##### (ii) Construction contract revenue

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

##### (iii) Rental income

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

##### (iv) Sale of goods

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

##### (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 is recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### Defined contribution plans

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

#### 3.16 Borrowing Costs

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.17 Income Tax

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

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

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

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

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

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

#### 3.18 Goods and Services Tax

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

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

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

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

#### 3.19 Segment Reporting

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



# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 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 Costs and Dividends

##### Classification

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

##### Share issuance costs

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

##### Dividends

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

#### 3.22 Treasury Shares

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

#### 3.23 Related Parties

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

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

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

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

- (i) The entity and the Group are members of the same group.
- (ii) The entity is an associate or joint venture of the other entity.
- (iii) Both entities are joint ventures of the same third party.
- (iv) The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.23 Related Parties (cont'd)

- (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 entity or is a member of the key management personnel of the entity.
- (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group.

## 4. PROPERTY, PLANT AND EQUIPMENT

### GROUP

	Leasehold shoplot RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
<b>2018</b>					
<b>At cost</b>					
Balance at beginning	347,614	91,740	1,317,912	2,439,952	4,197,218
Additions	–	–	84,449	538,718	623,167
Written off	–	–	(21,799)	–	(21,799)
Balance at end	347,614	91,740	1,380,562	2,978,670	4,798,586
<b>Accumulated depreciation</b>					
Balance at beginning	35,233	6,999	576,626	1,484,025	2,102,883
Current charge	5,891	–	154,356	375,362	535,609
Written off	–	–	(11,910)	–	(11,910)
Balance at end	41,124	6,999	719,072	1,859,387	2,626,582
<b>Carrying amount</b>	<b>306,490</b>	<b>84,741</b>	<b>661,490</b>	<b>1,119,283</b>	<b>2,172,004</b>
<b>2017</b>					
<b>At cost</b>					
Balance at beginning	347,614	219,023	2,145,814	2,338,941	5,051,392
Additions	–	–	58,124	117,511	175,635
Disposal	–	–	–	(16,500)	(16,500)
Written off	–	(127,283)	(886,026)	–	(1,013,309)
Balance at end	347,614	91,740	1,317,912	2,439,952	4,197,218
<b>Accumulated depreciation</b>					
Balance at beginning	29,338	133,021	1,292,265	1,210,585	2,665,209
Current charge	5,895	1,253	154,404	288,840	450,392
Disposal	–	–	–	(15,400)	(15,400)
Written off	–	(127,275)	(870,043)	–	(997,318)
Balance at end	35,233	6,999	576,626	1,484,025	2,102,883
<b>Carrying amount</b>	<b>312,381</b>	<b>84,741</b>	<b>741,286</b>	<b>955,927</b>	<b>2,094,335</b>

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

#### COMPANY

	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
<b>2018</b>				
<b>At cost</b>				
Balance at beginning/at end	<b>84,740</b>	<b>120,395</b>	<b>379,388</b>	<b>584,523</b>
<b>Accumulated depreciation</b>				
Balance at beginning	–	<b>59,660</b>	<b>364,648</b>	<b>424,308</b>
Current charge	–	<b>12,039</b>	<b>3,274</b>	<b>15,313</b>
Balance at end	–	<b>71,699</b>	<b>367,922</b>	<b>439,621</b>
<b>Carrying amount</b>	<b>84,740</b>	<b>48,696</b>	<b>11,466</b>	<b>144,902</b>
<b>2017</b>				
<b>At cost</b>				
Balance at beginning	285,959	1,167,055	379,508	1,832,522
Additions	–	–	16,380	16,380
Disposals	(7,000)	(160,634)	(16,500)	(184,134)
Written off	(194,219)	(886,026)	–	(1,080,245)
Balance at end	84,740	120,395	379,388	584,523
<b>Accumulated depreciation</b>				
Balance at beginning	199,957	977,541	378,408	1,555,906
Current charge	788	28,464	1,640	30,892
Disposals	(6,534)	(76,302)	(15,400)	(98,236)
Written off	(194,211)	(870,043)	–	(1,064,254)
Balance at end	–	59,660	364,648	424,308
<b>Carrying amount</b>	<b>84,740</b>	<b>60,735</b>	<b>14,740</b>	<b>160,215</b>

#### GROUP

The carrying amount of motor vehicles acquired under finance lease is **RM1,107,815** (2017: RM941,185). The leased assets are pledged as securities for the related finance lease liabilities (Note 22).

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 5. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
At fair value:				
Balance at beginning	<b>67,610,009</b>	51,948,566	<b>1,630,000</b>	1,494,327
Reclassified from inventories	–	8,558,612	–	–
Reclassified to non-current asset held for sale (Note 17)	<b>(14,065,277)</b>	–	–	–
Gain from fair value adjustment	<b>1,223,088</b>	7,102,831	–	135,673
Balance at end	<b>54,767,820</b>	67,610,009	<b>1,630,000</b>	1,630,000

The investment properties consist of the following:

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Freehold land	<b>320,000</b>	14,385,277	<b>320,000</b>	320,000
Freehold shoplots	<b>54,410,000</b>	53,186,912	<b>1,310,000</b>	1,310,000
Leasehold building	<b>37,820</b>	37,820	–	–
	<b>54,767,820</b>	67,610,009	<b>1,630,000</b>	1,630,000

(i) The carrying amount of the Group's investment properties which are pledged as security for banking facilities granted to a subsidiary is **RM29,680,000** (2017: RM28,370,000).

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

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Rental income	<b>2,219,226</b>	1,866,307	–	–
Direct operating expenses of investment properties:				
- income generating	<b>183,602</b>	140,854	–	–
- non-income generating	<b>22,315</b>	435,466	<b>5,018</b>	5,275

(iii) Fair value measurement of the investment properties are disclosed in Note 37.1 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 6. LAND HELD FOR DEVELOPMENT

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Land, at cost				
Balance at beginning	<b>72,092,343</b>	17,060,055	<b>17,060,055</b>	17,060,055
Reclassified from property development costs	–	55,032,288	–	–
Additions	<b>22,353,665</b>	–	–	–
Balance at end	<b>94,446,008</b>	72,092,343	<b>17,060,055</b>	17,060,055
Property development costs				
Balance at beginning	<b>482,550</b>	454,230	<b>482,550</b>	454,230
Additions	<b>28,320</b>	28,320	<b>28,320</b>	28,320
Balance at end	<b>510,870</b>	482,550	<b>510,870</b>	482,550
	<b>94,956,878</b>	75,574,893	<b>17,570,925</b>	17,542,605
Represented by:				
Freehold land	<b>85,306,383</b>	62,952,718	<b>7,920,430</b>	7,920,430
Leasehold land	<b>9,139,625</b>	9,139,625	<b>9,139,625</b>	9,139,625
Property development costs	<b>510,870</b>	482,550	<b>510,870</b>	482,550
	<b>94,956,878</b>	72,574,893	<b>17,570,925</b>	17,542,605

### GROUP AND COMPANY

The carrying amount of freehold land and leasehold land which are pledged to a licensed bank for banking facilities granted to the Company and its subsidiaries is **RM17,060,055** (2017: RM17,060,055).

The land costs incurred during the financial year including an amount of RM20,120,173 paid in relation to the balance consideration for the acquisition of the remaining portion of land as part of terms and conditions stated in the settlement agreement disclosed in the Note 40 to the financial statements.

### 7. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2018	2017
	RM	RM
Unquoted shares, at cost	<b>47,102,784</b>	47,102,784
Less: Allowance for impairment	<b>(7,244,381)</b>	(3,544,381)
	<b>39,858,403</b>	43,558,403
Unquoted shares, at valuation	<b>11,234,545</b>	11,234,545
Less: Allowance for impairment	<b>(10,518,558)</b>	(10,518,558)
	<b>715,987</b>	715,987
	<b>40,574,390</b>	44,274,390

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 7. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of Subsidiary	Effective Equity Interest		Principal Activities
	2018 %	2017 %	
<b>Direct subsidiaries</b>			
Great Eastern Mills Berhad	<b>78</b>	78	Dormant.
Sam Koh Company Sdn. Berhad	<b>100</b>	100	Extraction and sale of timber. However, the Company did not undertake any activity during the financial year.
Seal Ventures Sdn. Bhd.	<b>100</b>	100	Property development.
Seal Trading Corporation Sdn. Bhd.	<b>100</b>	100	Trading of timber.
Seal Properties (KL) Sdn. Bhd.	<b>100</b>	100	Turnkey, project and construction manager for property development.
SM Management Sdn. Bhd.	<b>100</b>	100	Providing administrative services.
Seal Land Sdn. Bhd.	<b>100</b>	100	Property development.
Seal Properties Sdn. Bhd.	<b>100</b>	100	Property investment and property development.
Seal Place Sdn. Bhd.	<b>100</b>	100	Letting of properties, advertisement billboard, car park and event space.
Seal City Sdn. Bhd.	<b>100</b>	100	Property investment.
Seal Properties (SP) Sdn. Bhd.	<b>100</b>	100	Property development.
Ardentige Marketing Sdn. Bhd.	<b>100</b>	100	Provision of marketing services.
Utmost Construction Sdn. Bhd.	<b>100</b>	100	Dormant.
Seal Properties (PG) Sdn. Bhd.	<b>100</b>	100	Property development.
Seal Mall (KL) Sdn. Bhd.	<b>100</b>	100	Dormant.
Seal Management Sdn. Bhd.	<b>100</b>	100	Property management.
<b>Indirect - held through Seal Properties Sdn. Bhd.</b>			
Seal Lifestyle Development Sdn. Bhd.	<b>100</b>	100	Property development.
Seal Concepts Sdn. Bhd.	<b>91</b>	51	Property development.
Seal Properties (Bayan City) Sdn. Bhd.	<b>51</b>	51	Property development.
Seal Mall Sdn. Bhd.	<b>91</b>	51	Dormant.
<b>Indirect - held through Seal Properties (KL) Sdn. Bhd.</b>			
Great Eastern Mills Berhad	<b>14</b>	14	Dormant.
<b>Indirect - held through Seal Properties (PG) Sdn. Bhd.</b>			
Seal Properties (Bayan City) Sdn. Bhd.	<b>9</b>	9	Property development.
Seal Concepts Sdn. Bhd.	<b>9</b>	9	Property development.
Seal Mall Sdn. Bhd.	<b>9</b>	9	Dormant.

### 2018

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



# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 7. INVESTMENT IN SUBSIDIARIES (cont'd)

2017

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

#### Subsidiaries with material non-controlling interests

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

	Equity interest held by non-controlling interests	
	2018	2017
	%	%
Seal Properties (Bayan City) Sdn. Bhd. ("SPBC")	40	40
Seal Concepts Sdn. Bhd. ("SCSB")	—	40

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

	SPBC RM
<b>2018</b>	
<b>As at 30 June 2018</b>	
Total assets	14,687,885
Total liabilities	(103,499)
Net assets	14,584,386
<b>Year ended 30 June 2018</b>	
Revenue	—
Other income	191,210
Net loss, representing total comprehensive loss	(224,923)

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 7. INVESTMENT IN SUBSIDIARIES (cont'd)

	SPBC RM		
<b>Year ended 30 June 2018</b>			
Net cash generated from/(used in):			
Operating activities			<b>1,055,013</b>
Investing activities			<b>(5,882,434)</b>
Financing activities			<b>2,429,562</b>
Net change in cash and cash equivalents			<b>(2,397,859)</b>
Dividends paid to NCI			<b>-</b>
	<b>SCSB RM</b>	<b>SPBC RM</b>	<b>Total RM</b>
<b>2017</b>			
As at 30 June 2017			
Total assets	72,838,624	14,973,523	87,812,147
Total liabilities	(70,815,361)	(164,214)	(70,979,575)
Net assets	<u>2,023,263</u>	<u>14,809,309</u>	<u>16,832,572</u>
<b>Year ended 30 June 2017</b>			
Revenue	-	37,193,583	37,193,583
Other income	16,390,951	3,108,949	19,499,900
Net profit, representing total comprehensive income	<u>9,084,016</u>	<u>15,541,917</u>	<u>24,625,933</u>
<b>Year ended 30 June 2017</b>			
Net cash generated from/(used in):			
Operating activities	13,496,904	6,981,971	20,478,875
Investing activities	-	10,437,669	10,437,669
Financing activities	(12,486,096)	(56,019,782)	(68,505,878)
Net change in cash and cash equivalents	<u>1,010,808</u>	<u>(38,600,142)</u>	<u>(37,589,334)</u>
Dividends paid to NCI	<u>1,400,000</u>	<u>54,922,004</u>	<u>56,322,004</u>

### 8. TIMBER CONCESSION

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
At cost:				
Balance at beginning	<b>16,761,141</b>	16,761,141	<b>7,058,654</b>	7,058,654
Costs recognised in profit or loss	<b>(582,513)</b>	-	<b>-</b>	-
	<b>16,178,628</b>	16,761,141	<b>7,058,654</b>	7,058,654
Less: Accumulated impairment loss	<b>(4,864,410)</b>	(4,864,410)	<b>(4,864,410)</b>	(4,864,410)
	<b>11,314,218</b>	11,896,731	<b>2,194,244</b>	2,194,244

In the previous financial year, an impairment loss of RM4,864,410 was provided in respect of certain timber concessions of the Group and of the Company after performing an impairment assessment as the management is of the opinion that these timber concessions may not generate future economic benefits to the Group and to the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 9. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2018 RM	2017 RM
Balance at beginning		
Freehold land, at cost	<b>32,594,130</b>	102,968,290
Development costs	<b>4,274,002</b>	5,171,544
	<b>36,868,132</b>	108,139,834
Costs incurred during the financial year		
Freehold land, at cost	–	18,995,226
Development costs	<b>584,828</b>	1,108,730
	<b>584,828</b>	20,103,956
* Reimbursement by the Landowner	–	(34,337,098)
Reclassification to land held for development	–	(55,032,288)
Property development costs written off	–	(2,006,272)
	<b>37,452,960</b>	36,868,132
Costs recognised in profit or loss during the financial year	<b>(20,771,376)</b>	–
	<b>16,681,584</b>	36,868,132
Represented by:		
Freehold land	<b>13,337,260</b>	32,594,130
Development costs	<b>3,344,324</b>	4,274,002
	<b>16,681,584</b>	36,868,132

(i) Freehold land of **RM13,337,260** (2017: RM32,594,130) 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 **RM Nil** (2017: RM299,977).

\* On 28 November 2012, SCSB entered into a Joint Venture Agreement ("JVA") with Koperasi Tunas Muda Sungai Ara Berhad ("the Landowner") to develop part of the Landowner's freehold land at SCSB's cost and expenses including the following consideration and upon the terms and conditions as stated in the JVA:

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

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

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 10. INVENTORIES

Inventories comprise of the following:

	GROUP	
	2018 RM	2017 RM
Completed development properties	11,300,470	15,008,807
Timber logs	65,472	—
	<b>11,365,942</b>	15,008,807

Included herein are completed development properties amounting to **RM7,018,849** (2017: RM7,018,849) which are charged to a licensed bank as security for banking facility granted to certain subsidiaries.

## 11. TRADE RECEIVABLES

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade receivables	77,899,821	64,706,403	135,124	231,681
Less: Impairment losses				
Balance at beginning	7,635,124	7,635,124	135,124	135,124
Current year	277,839	—	—	—
Balance at end	(7,912,963)	(7,635,124)	(135,124)	(135,124)
	<b>69,986,858</b>	57,071,279	—	96,557

Included in the Group's trade receivable is retention sum of **RM11,547,496** (2017: RM5,857,954).

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

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

- (i) Property development : Credit term for sale of completed 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** (2017: 14 to 21 days) from the date of the progress billings.
- (ii) Construction : Credit term is **30 days** (2017: 30 days) from the date of the progress billings.
- (iii) Timber : Credit term is **30 days** (2017: Nil).
- (iv) Others : Credit term ranges from **7 to 90 days** (2017: 7 to 90 days).

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 12. OTHER RECEIVABLES

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
* Other receivables				
Total amount	<b>56,263,376</b>	49,436,437	<b>769,849</b>	769,849
Less: Allowance for impairment	<b>(769,849)</b>	(769,849)	<b>(769,849)</b>	(769,849)
	<b>55,493,527</b>	48,666,588	<b>-</b>	-
# Stakeholders' sum	<b>5,967,000</b>	26,300,927	<b>-</b>	-
GST claimable	<b>270,366</b>	1,410,074	<b>5,729</b>	15,380
	<b>61,730,893</b>	76,377,589	<b>5,729</b>	15,380
Deposits				
Total amount	<b>1,008,593</b>	1,033,934	<b>1,254</b>	7,194
Less: Allowance for impairment	<b>(446,714)</b>	(446,714)	<b>-</b>	-
	<b>561,879</b>	587,220	<b>1,254</b>	7,194
Prepayments				
Total amount	<b>16,417,779</b>	15,449,550	<b>15,078,291</b>	15,078,365
Less: Allowance for impairment	<b>(14,917,340)</b>	(14,917,340)	<b>(14,917,340)</b>	(14,917,340)
	<b>1,500,439</b>	532,210	<b>160,951</b>	161,025
	<b>63,793,211</b>	77,497,019	<b>167,934</b>	183,599

### 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 **RM55,311,548** (2017: RM48,356,188) which is the consideration and payment of land premiums and other related charges to authorities and expenditures related to the Development pursuant to the terms and conditions of the Turnkey Agreement and is repayable from the sales proceeds of the Development.

# This is in relation to the stakeholders' sum held by the solicitors pursuant to the Settlement Agreement as mentioned in Note 40 to the financial statements.

## 13. AMOUNT DUE FROM/TO SUBSIDIARIES

	COMPANY	
	2018	2017
	RM	RM
<b>Amount due from subsidiaries</b>		
Trade related	<b>1,808,364</b>	1,808,364
Non-trade related		
- Non-interest bearing	<b>10,589,848</b>	11,139,692
Less: Allowance for impairment	<b>(36,079)</b>	(36,079)
	<b>10,553,769</b>	11,103,613
- Interest bearing	<b>154,745,742</b>	140,175,748
	<b>165,299,511</b>	151,279,361
	<b>167,107,875</b>	153,087,725

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 13. AMOUNT DUE FROM/TO SUBSIDIARIES (cont'd)

	COMPANY	
	2018	2017
	RM	RM
<b>Amount due to subsidiaries</b>		
Non-trade related		
- Interest bearing	<b>27,435,685</b>	35,930,701

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

Interest is charged at **3%** (2017: 3%) per annum and is computed based on the daily outstanding balance.

## 14. OTHER INVESTMENTS

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Available-for-sale financial assets				
- Investment in unit trusts, at fair value	<b>21,444,214</b>	811,370	<b>1,000,000</b>	—

## 15. DEPOSITS WITH LICENSED BANKS

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Fixed deposits	<b>24,367,582</b>	2,184,444	<b>3,561,528</b>	396,414
Short term deposits	—	5,146,016	—	—
	<b>24,367,582</b>	7,330,460	<b>3,561,528</b>	396,414

Included herein are the Group's and the Company's deposits of **RM3,240,554** (2017: RM1,704,444) and **RM Nil** (2017: RM396,414) respectively which are pledged to licensed banks as securities for banking facilities granted to the Company and certain subsidiaries.

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

	GROUP		COMPANY	
	2018	2017	2018	2017
	%	%	%	%
Fixed deposits	<b>2.90 to 3.70</b>	3.10 to 3.44	<b>3.50</b>	3.10
Short term deposits	—	1.28 to 3.00	—	—



# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 16. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Housing Development Account	2,027	2,035	–	–
Others	8,248,602	7,868,884	2,969,849	583,220
	<b>8,250,629</b>	<b>7,870,919</b>	<b>2,969,849</b>	<b>583,220</b>

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

## 17. NON-CURRENT ASSETS HELD FOR SALE

	GROUP	
	2018	2017
	RM	RM
<b>Freehold land:</b>		
Reclassified from investment properties	<b>14,065,277</b>	–

On 27 December 2017, a wholly-owned subsidiary of the Company, Seal City Sdn. Bhd. has entered into a Sale and Purchase Agreement with a third-party for the disposal of its freehold land for a total consideration of RM30,000,000. Deposit amounting to RM6,000,000 has been received as at the financial year end. However, the transaction only completed on 31 July 2018 with the full consideration received.

## 18. SHARE CAPITAL

### GROUP AND COMPANY

#### Share capital

	Number of ordinary shares		Amount	
	2018	2017	2018	2017
			RM	RM
<b>Issued and fully paid</b>				
Balance at beginning	242,952,684	221,402,684	142,629,537	88,561,074
Private placement	–	21,550,000	–	8,620,000
Transition to no-par value regime on 31 January 2017	–	–	–	45,448,463
Balance at end	<b>242,952,684</b>	<b>242,952,684</b>	<b>142,629,537</b>	<b>142,629,537</b>

Included in share capital is share premium amounting to **RM45,448,463** (2017: RM45,448,463) that is available to be utilised in accordance with Section 618(3) of Companies Act, 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 18. SHARE CAPITAL (cont'd)

2017

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

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

Private placement

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

### 19. 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 7 December 2017.

During the previous financial year, the Company repurchased 4,000 of its issued and paid-up ordinary shares from the open market at an average price of RM0.41 per share for a total consideration of RM1,665. There is no repurchased of its ordinary share from open market during the financial year.

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

Of the total **242,952,684** (2017: 242,952,684) issued and fully paid ordinary shares as at 30 June 2018, **5,896,500** (2017: 5,896,500) are held as treasury shares by the Company.

As at 30 June 2018, the number of outstanding ordinary shares in issue and fully paid after the set off is therefore **237,056,184** (2017: 237,056,184) ordinary shares.

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

### 20. RESERVES

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Asset revaluation reserve	<b>352,940</b>	352,940	<b>352,940</b>	352,940

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

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 21. 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.

### 22. BORROWINGS

	GROUP	
	2018	2017
	RM	RM
<b>Non-current liabilities</b>		
<u>Finance lease liabilities</u>		
Minimum payments:		
Within 1 year	307,982	273,192
Later than 1 year but not later than 2 years	240,705	229,826
Later than 2 years but not later than 5 years	305,439	272,603
	<u>854,126</u>	<u>775,621</u>
Future finance charges	(62,322)	(58,923)
	<u>791,804</u>	<u>716,698</u>
Amount due within 1 year included under current liabilities	(277,342)	(243,503)
	<u>514,462</u>	<u>473,195</u>
<u>Term loans</u>		
Total amount repayable	23,870,020	27,752,284
Amount due within 1 year included under current liabilities	(1,120,412)	(3,913,346)
	<u>22,749,608</u>	<u>23,838,938</u>
	<u>23,264,070</u>	<u>24,312,133</u>
<b>Current liabilities</b>		
Bank overdraft	9,630,792	9,916,940
Commodity financing	5,000,000	5,000,000
Factoring	19,690,436	10,188,694
Finance lease liabilities	277,342	243,503
Term loans	1,120,412	3,913,346
	<u>35,718,982</u>	<u>29,262,483</u>
<b>Total borrowings</b>	<u>58,983,052</u>	<u>53,574,616</u>

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 22. BORROWINGS (cont'd)

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

	Average effective interest rates 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
<b>GROUP</b>						
<b>2018</b>						
Bank overdraft	7.70	9,630,792	9,630,792	–	–	–
Commodity financing	5.20	5,000,000	5,000,000	–	–	–
Factoring	5.55	19,690,436	19,690,436	–	–	–
Finance lease liabilities	2.31 to 3.20	791,804	277,342	221,874	292,588	–
Term loans	4.84 to 5.25	23,870,020	1,120,412	1,178,702	3,923,496	17,647,410
<b>2017</b>						
Bank overdraft	7.40	9,916,940	9,916,940	–	–	–
Commodity financing	5.20	5,000,000	5,000,000	–	–	–
Factoring	5.25	10,188,694	10,188,694	–	–	–
Finance lease liabilities	2.31 to 3.20	716,698	243,503	212,153	261,042	–
Term loans	4.50 to 5.59	27,752,284	3,913,346	1,150,019	3,804,291	18,884,628

### 23. DEFERRED TAX LIABILITIES

	<b>GROUP</b>		<b>COMPANY</b>	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Deferred tax on fair value changes in investment properties</b>				
Balance at beginning	355,142	–	6,784	–
Recognised in profit or loss	61,000	355,142	–	6,784
Balance at end	416,142	355,142	6,784	6,784
<b>Excess of capital allowances over depreciation on property, plant and equipment</b>				
Balance at beginning	35,000	–	–	–
Recognised in profit or loss	36,000	35,000	–	–
Over provision in prior year	(4,000)	–	–	–
Balance at end	67,000	35,000	–	–
	483,142	390,142	6,784	6,784

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

	<b>GROUP</b>		<b>COMPANY</b>	
	2018 RM	2017 RM	2018 RM	2017 RM
Property, plant and equipment	67,000	77,000	–	–
Investment properties	416,142	355,142	6,784	6,784
Unabsorbed tax losses	–	(42,000)	–	–
	483,142	390,142	6,784	6,784

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 24. GROSS AMOUNT DUE TO CUSTOMERS ON CONTRACTS

	GROUP	
	2018	2017
	RM	RM
Construction contract costs incurred to date	(154,753,015)	(81,972,902)
Attributable profits	(4,326,795)	(2,298,306)
	(159,079,810)	(84,271,208)
Progress billings	165,114,767	87,566,675
	<b>6,034,957</b>	3,295,467

## 25. TRADE PAYABLES

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Trade payables	17,243,641	10,469,062	2,444	12,567
Retention sum payable	10,797,372	5,665,509	–	–
	<b>28,041,013</b>	16,134,571	<b>2,444</b>	12,567

The trade payables are non-interest bearing and the normal credit terms granted to the Company range from **30 to 90 days** (2017: 30 to 90 days). The retention sum is payable upon the expiry of the defect liability period of **12 to 24 months** (2017: 12 to 24 months).

## 26. OTHER PAYABLES

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Other payables	918,898	729,734	89,160	113,599
GST payable	98,033	52,380	–	–
Accruals:				
- Accrued development costs	16,077,328	16,077,328	–	–
- Others	1,666,359	1,836,754	253,017	267,264
	<b>17,743,687</b>	17,914,082	<b>253,017</b>	267,264
Deposits received from:				
*- Property buyers	6,000,000	10,000	–	–
- Tenants	5,452,188	5,398,527	–	54,086
	<b>11,452,188</b>	5,408,527	–	54,086
	<b>30,212,806</b>	24,104,723	<b>342,177</b>	434,949

\*Deposit received for the disposal of freehold land by Seal City Sdn. Bhd., a wholly-owned subsidiary of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 27. REVENUE

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Rental income	<b>21,600,049</b>	21,876,072	<b>16,686</b>	8,320,908
Property development revenue	<b>31,281,090</b>	14,255,555	–	–
Construction contract revenue	<b>75,632,595</b>	45,708,213	–	–
Sale of timber concession	<b>2,765,031</b>	–	–	–
Provision of marketing services	<b>4,294,256</b>	1,342,923	–	–
Gross dividend from subsidiaries	–	–	<b>27,200,000</b>	10,000,000
	<b>135,573,021</b>	83,182,763	<b>27,216,686</b>	18,320,908

## 28. DIRECT OPERATING COSTS

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Rental operating costs	<b>13,543,559</b>	14,066,161	–	5,832,806
Property development costs	<b>21,095,294</b>	9,230,786	–	–
Construction contract costs	<b>72,349,463</b>	44,461,625	–	–
Timber related costs	<b>1,161,926</b>	–	–	–
	<b>108,150,242</b>	67,758,572	–	5,832,806

## 29. OTHER INCOME

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Administrative income	<b>3,558,246</b>	52,826	–	–
Deposits forfeited	<b>129,138</b>	–	<b>49,404</b>	–
Dividend income	<b>244,998</b>	582,392	–	406,577
Fair value gain on investment properties	<b>1,223,088</b>	7,102,831	–	135,673
Gain on disposal of property, plant and equipment	–	1,730	–	1,730
Interest income	<b>1,478,578</b>	1,188,663	<b>4,791,795</b>	2,904,081
Rental income	<b>224,036</b>	374,983	–	–
Miscellaneous income	<b>549,067</b>	386,758	<b>90,605</b>	72,987
	<b>7,407,151</b>	9,690,183	<b>4,931,804</b>	3,521,048

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 30. PROFIT BEFORE TAX

This is arrived at after charging:

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Audit fee				
- statutory audit				
- current year	100,500	103,500	32,000	35,000
- prior years	-	(2,000)	-	-
- other services	3,000	3,000	3,000	3,000
Bad debts	6,387	-	-	-
Deemed loss on deconsolidation of a subsidiary	-	2	-	-
Depreciation	535,609	450,392	15,313	30,892
* Directors' fee for non-executive directors	168,000	138,000	168,000	138,000
Impairment loss on investment in a subsidiary	-	-	3,700,000	-
Impairment loss on receivables	277,839	-	-	-
Impairment loss on timber concession	-	4,864,410	-	4,864,410
Interest expense on:				
- Finance lease	37,375	43,201	-	-
- Term loans	1,193,411	1,090,508	-	-
- Bank overdrafts	103,870	50,157	93,869	40,162
- Advances from a subsidiary	-	-	892,302	236,221
Lease rental	8,971,550	10,065,092	-	4,235,210
Property, plant and equipment written off	9,889	15,991	-	15,991
Rental expenses	4,286	1,179	-	445
** Staff costs	5,894,057	5,645,588	606,902	640,723
* Represented by:				
Present directors	168,000	123,000	168,000	123,000
Past director	-	15,000	-	15,000
	168,000	138,000	168,000	138,000
** Staff costs				
- Salaries, wages, overtime, allowance, incentive and bonus	5,258,920	5,063,271	540,000	582,221
- EIS	2,889	-	95	-
- EPF	582,297	537,093	65,150	56,810
- SOCSO	49,951	45,224	1,657	1,692
	5,894,057	5,645,588	606,902	640,723



# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 30. 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	
	2018	2017	2018	2017
	RM	RM	RM	RM
Salaries and bonus	640,600	543,400	540,000	468,000
EPF	65,150	56,810	65,150	56,810
	<b>705,750</b>	600,210	<b>605,150</b>	524,810
Benefits-in-kind	47,900	47,900	–	–
	<b>753,650</b>	648,110	<b>605,150</b>	524,810

## 31. TAX EXPENSE

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Malaysian income tax:				
Based on results for the financial year				
- Current tax	(3,660,000)	(7,698,000)	(638,000)	(792,000)
- Deferred tax relating to the origination and reversal of temporary differences	(97,000)	(390,142)	–	(6,784)
	<b>(3,757,000)</b>	(8,088,142)	<b>(638,000)</b>	(798,784)
(Under)/Over provision in prior year				
- Current tax	(339,165)	166,515	(86,975)	39,702
- Deferred tax	4,000	–	–	–
	<b>(335,165)</b>	166,515	<b>(86,975)</b>	39,702
	<b>(4,092,165)</b>	(7,921,627)	<b>(724,975)</b>	(759,082)

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

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Profit before tax	18,409,864	8,745,390	25,959,064	8,234,718
Income tax at Malaysian statutory tax rate of 24%	(4,418,367)	(2,098,894)	(6,230,175)	(1,976,332)
Income not subject to tax	1,438,152	296,699	6,528,000	2,530,140
Expenses not deductible for tax purposes	(967,989)	(6,452,172)	(934,919)	(1,314,193)
Utilisation of unabsorbed tax losses and capital allowances	2,121,936	1,406,815	–	–
Deferred tax movement not recognised	(1,869,732)	(885,448)	(906)	(31,615)
Deferred tax on fair value gain of investment properties	(61,000)	(355,142)	–	(6,784)
	<b>(3,757,000)</b>	(8,088,142)	<b>(638,000)</b>	(798,784)
(Under)/Over provision in prior year	<b>(335,165)</b>	166,515	<b>(86,975)</b>	39,702
	<b>(4,092,165)</b>	(7,921,627)	<b>(724,975)</b>	(759,082)

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 31. TAX EXPENSE (cont'd)

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

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Property, plant and equipment	<b>60,000</b>	56,000	<b>24,000</b>	24,000
Unabsorbed tax losses	<b>(7,882,000)</b>	(8,154,000)	–	–
Unabsorbed capital allowances	<b>(11,910,000)</b>	(11,888,000)	<b>(11,313,000)</b>	(11,312,000)
	<b>(19,732,000)</b>	(19,986,000)	<b>(11,289,000)</b>	(11,288,000)

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	
	2018 RM	2017 RM	2018 RM	2017 RM
Unabsorbed tax losses	<b>32,844,000</b>	33,974,000	–	–
Unabsorbed capital allowances	<b>49,629,000</b>	49,534,000	<b>47,135,000</b>	47,133,000

### 32. 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	
	2018	2017
Profit/(Loss) attributable to owners of the Company (RM)	<b>14,853,344</b>	(9,037,469)
Weighted average number of ordinary shares	<b>237,056,184</b>	227,137,883
Earnings/(Losses) per share (sen)	<b>6.27</b>	(3.98)

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

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 33. COMMITMENTS

### Operating lease commitments

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

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Within 1 year	<b>8,971,550</b>	8,971,550	–	–
More than 1 year and less than 2 years	<b>8,223,921</b>	8,971,550	–	–
More than 2 years and less than 5 years	–	8,223,921	–	–
	<b>17,195,471</b>	26,167,021	–	–

## 34. SEGMENT INFORMATION

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

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

### Business Segments

The Group comprises the following main business segments:

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

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 34. SEGMENT INFORMATION (cont'd)

	Property management RM	Property investment RM	Timber related RM	Property development RM	Construction RM	Others RM	Elimination RM	Note	Total RM
<b>2018</b>									
Revenue									
External sales	19,380,823	2,219,226	2,765,031	31,281,090	75,632,595	4,294,256	-		135,573,021
Inter-segment sales	-	277,800	-	-	-	33,715,000	(33,992,800)	A	-
Total revenue	19,380,823	2,497,026	2,765,031	31,281,090	75,632,595	38,009,256	(33,992,800)		135,573,021
Result									
Segment results	4,458,162	1,914,472	411,581	5,561,102	4,056,001	28,562,386	(26,697,762)		18,265,942
Interest income									1,478,578
Profit from operations									19,744,520
Finance costs									(1,334,656)
Profit before tax									18,409,864
Tax expense									(4,092,165)
Profit for the financial year									14,317,699
Assets									
Segment assets	16,109,046	79,241,698	13,416,136	204,919,970	125,270,104	216,109,944	(261,900,681)		393,166,217
Current tax assets									4,316,460
Total assets									397,482,677
Liabilities									
Segment liabilities	9,922,994	32,222,306	19,355,836	126,192,567	128,220,699	10,537,091	(203,179,665)		123,271,828
Deferred tax liabilities									483,142
Current tax liabilities									974,214
Total liabilities									124,729,184
Other information									
Additions to non-current assets	13,248	40,929	-	22,375,525	538,718	36,732	-	B	23,005,152
Depreciation	19,568	17,530	-	153,434	215,744	132,023	(2,690)		535,609
Non-cash expenses/ (income) other than depreciation	-	(1,218,796)	582,513	282,155	-	7,668	-	C	(346,460)

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 34. SEGMENT INFORMATION (cont'd)

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

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 34. SEGMENT INFORMATION (cont'd)

Notes to segment information:

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

	2018 RM	2017 RM
Bad debts	6,387	–
Deemed loss on deconsolidation of a subsidiary	–	2
Fair value gain on investment properties	(1,223,088)	(7,102,831)
Gain on disposal of property, plant and equipment	–	(1,730)
Impairment loss on receivables	277,839	–
Impairment loss on timber concession	–	4,864,410
Property, plant and equipment written off	9,889	15,991
Timber concession cost recognised	582,513	–
	<u>(346,460)</u>	<u>(2,224,158)</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 (2017: 1) major customer which contributed more than 10% of the Group's revenue from the construction and provision for marketing services segments amounted to **RM79,926,851** (2017: RM47,051,136).

### 35. RELATED PARTY DISCLOSURES

#### (i) Identify of related parties

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

#### (ii) Related party transactions

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Transactions with subsidiaries				
- Administrative fee charged by	–	–	350,000	933,000
- Interest charged by	–	–	892,302	236,221
- Interest charged to	–	–	4,547,248	2,789,524
- Proceeds from sale of property, plant and equipment	–	–	–	84,797
Transactions with its non-controlling interests				
- Sale of completed development properties	–	14,765,096	–	–

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 35. RELATED PARTY DISCLOSURES (cont'd)

### (iii) Compensation of key management personnel

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

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

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Short term employee benefits	<b>1,507,437</b>	1,399,412	<b>540,000</b>	468,000
Defined contribution plan	<b>157,658</b>	149,363	<b>65,150</b>	56,810
	<b>1,665,095</b>	1,548,775	<b>605,150</b>	524,810
Analysed as:				
- Directors	<b>753,650</b>	648,110	<b>605,150</b>	524,810
- Key management personnel	<b>911,445</b>	900,665	–	–
	<b>1,665,095</b>	1,548,775	<b>605,150</b>	524,810

## 36. FINANCIAL INSTRUMENTS

### 36.1 Categories of financial instruments

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

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

	Carrying amount	L&R	AFS	FL
	RM	RM	RM	RM
<b>GROUP</b>				
<b>2018</b>				
<b>Financial assets</b>				
Trade receivables	<b>69,986,858</b>	<b>69,986,858</b>	–	–
Other receivables and refundable deposits	<b>62,022,406</b>	<b>62,022,406</b>	–	–
Other investments	<b>21,444,214</b>	–	<b>21,444,214</b>	–
Deposits with licensed banks	<b>24,367,582</b>	<b>24,367,582</b>	–	–
Cash and bank balances	<b>8,250,629</b>	<b>8,250,629</b>	–	–
	<b>186,071,689</b>	<b>164,627,475</b>	<b>21,444,214</b>	–



# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 36. FINANCIAL INSTRUMENTS (cont'd)

#### 36.1 Categories of financial instruments (cont'd)

	Carrying amount RM	L&R RM	AFS RM	FL RM
<b>GROUP</b>				
<b>2018</b>				
<b>Financial liabilities</b>				
Borrowings	58,983,052	–	–	58,983,052
Trade payables	28,041,013	–	–	28,041,013
Other payables	30,114,773	–	–	30,114,773
	<b>117,138,838</b>	<b>–</b>	<b>–</b>	<b>117,138,838</b>
<b>2017</b>				
<b>Financial assets</b>				
Trade receivables	57,071,279	57,071,279	–	–
Other receivables and refundable deposits	75,554,735	75,554,735	–	–
Other investments	811,370	–	811,370	–
Deposits with licensed banks	7,330,460	7,330,460	–	–
Cash and bank balances	7,870,919	7,870,919	–	–
	<b>148,638,763</b>	<b>147,827,393</b>	<b>811,370</b>	<b>–</b>
<b>Financial liabilities</b>				
Borrowings	53,574,616	–	–	53,574,616
Trade payables	16,134,571	–	–	16,134,571
Other payables	24,052,343	–	–	24,052,343
	<b>93,761,530</b>	<b>–</b>	<b>–</b>	<b>93,761,530</b>
<b>COMPANY</b>				
<b>2018</b>				
<b>Financial assets</b>				
Other receivables and refundable deposits	1,254	1,254	–	–
Amount due from subsidiaries	167,107,875	167,107,875	–	–
Other investments	1,000,000	–	1,000,000	–
Deposits with licensed banks	3,561,528	3,561,528	–	–
Cash and bank balances	2,969,849	2,969,849	–	–
	<b>174,640,506</b>	<b>173,640,506</b>	<b>1,000,000</b>	<b>–</b>
<b>Financial liabilities</b>				
Trade payables	2,444	–	–	2,444
Other payables	342,177	–	–	342,177
Amount due to subsidiaries	27,435,685	–	–	27,435,685
	<b>27,780,306</b>	<b>–</b>	<b>–</b>	<b>27,780,306</b>

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 36. FINANCIAL INSTRUMENTS (cont'd)

#### 36.1 Categories of financial instruments (cont'd)

	Carrying amount RM	L&R RM	AFS RM	FL RM
<b>COMPANY</b>				
2017				
Financial assets				
Trade receivables	96,557	96,557	—	—
Other receivables and refundable deposits	7,194	7,194	—	—
Amount due from subsidiaries	153,087,725	153,087,725	—	—
Deposits with licensed banks	396,414	396,414	—	—
Cash and bank balances	583,220	583,220	—	—
	<u>154,171,110</u>	<u>154,171,110</u>	<u>—</u>	<u>—</u>
Financial liabilities				
Trade payables	12,567	—	—	12,567
Other payables	434,949	—	—	434,949
Amount due to subsidiaries	35,930,701	—	—	35,930,701
	<u>36,378,217</u>	<u>—</u>	<u>—</u>	<u>36,378,217</u>

#### 36.2 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.

#### 36.3 Credit risk

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

##### 36.3.1 Receivables

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 36. FINANCIAL INSTRUMENTS (cont'd)

#### 36.3 Credit risk (cont'd)

##### 36.3.1 Receivables (cont'd)

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

	Gross RM	Individual impairment RM	Net RM
<b>GROUP</b>			
<b>2018</b>			
Not past due	20,575,897	–	20,575,897
Past due 1 to 30 days	15,009,842	–	15,009,842
Past due 31 to 60 days	357,330	–	357,330
Past due more than 60 days	41,956,752	(7,912,963)	34,043,789
	57,323,924	(7,912,963)	49,410,961
	<b>77,899,821</b>	<b>(7,912,963)</b>	<b>69,986,858</b>
<b>2017</b>			
Not past due	7,903,740	–	7,903,740
Past due 1 to 30 days	3,601,814	–	3,601,814
Past due 31 to 60 days	4,777,228	–	4,777,228
Past due more than 60 days	48,423,621	(7,635,124)	40,788,497
	56,802,663	(7,635,124)	49,167,539
	64,706,403	(7,635,124)	57,071,279
<b>COMPANY</b>			
<b>2018</b>			
Not past due	–	–	–
Past due 1 to 30 days	–	–	–
Past due 31 to 60 days	–	–	–
Past due more than 60 days	135,124	(135,124)	–
	135,124	(135,124)	–
	<b>135,124</b>	<b>(135,124)</b>	<b>–</b>
<b>2017</b>			
Not past due	219	–	219
Past due 1 to 30 days	–	–	–
Past due 31 to 60 days	500	–	500
Past due more than 60 days	230,962	(135,124)	95,838
	231,462	(135,124)	96,338
	231,681	(135,124)	96,557

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

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 36. FINANCIAL INSTRUMENTS (cont'd)

### 36.3 Credit risk (cont'd)

#### 36.3.1 Receivables (cont'd)

The Group and the Company have trade receivables amounting to **RM49,410,961** (2017: RM49,167,539) and **RM Nil** (2017: RM96,338) respectively that are past due at the end of the reporting period but not impaired as the management is of the view that these past due amounts will be collected in due course.

The Group has significant concentration of credit risk on trade and other receivables in the form of outstanding balance due from **1 customer** (2017: 1 customer) and **1 customer** (2017: 4 customers), which represents **97%** (2017: 96%) and **87%** (2017: 94%) of the total trade and other receivables respectively.

#### 36.3.2 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, other than those disclosed in the financial statements.

#### 36.3.3 Financial guarantees

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

### 36.4 Liquidity risk

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

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

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM	More than 5 years RM
<b>GROUP 2018</b>						
<i>Non-derivative financial liabilities</i>						
Interest bearing borrowings	58,983,052	70,149,329	36,955,636	2,567,131	7,284,717	23,341,845
Trade and other payables	58,155,786	58,155,786	58,155,786	—	—	—
	<b>117,138,838</b>	<b>128,305,115</b>	<b>95,111,422</b>	<b>2,567,131</b>	<b>7,284,717</b>	<b>23,341,845</b>

# NOTES TO THE FINANCIAL STATEMENTS

## - 30 JUNE 2018 (cont'd)

### 36. FINANCIAL INSTRUMENTS (cont'd)

#### 36.4 Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM	More than 5 years RM
<b>GROUP</b>						
2017						
<i>Non-derivative financial liabilities</i>						
Interest bearing borrowings	53,574,616	65,322,770	30,518,553	2,522,920	7,151,884	25,129,413
Trade and other payables	40,186,914	40,186,914	40,186,914	–	–	–
	<u>93,761,530</u>	<u>105,509,684</u>	<u>70,705,467</u>	<u>2,522,920</u>	<u>7,151,884</u>	<u>25,129,413</u>
<b>COMPANY</b>						
2018						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	<b>344,621</b>	<b>344,621</b>	<b>344,621</b>	–	–	–
Amount due to subsidiaries	<b>27,435,685</b>	<b>27,435,685</b>	<b>27,435,685</b>	–	–	–
Financial guarantee*	–	<b>55,691,248</b>	<b>55,691,248</b>	–	–	–
	<u><b>27,780,306</b></u>	<u><b>83,471,554</b></u>	<u><b>83,471,554</b></u>	<u>–</u>	<u>–</u>	<u>–</u>
2017						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	447,516	447,516	447,516	–	–	–
Amount due to subsidiaries	35,930,701	35,930,701	35,930,701	–	–	–
Financial guarantee*	–	50,357,517	50,357,517	–	–	–
	<u>36,378,217</u>	<u>86,735,734</u>	<u>86,735,734</u>	<u>–</u>	<u>–</u>	<u>–</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 36. FINANCIAL INSTRUMENTS (cont'd)

### 36.5 Interest rate risk

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

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

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
<b>Fixed rate instruments</b>				
Financial assets	24,367,582	7,330,460	158,307,270	140,572,162
Financial liabilities	791,804	716,698	27,435,685	35,930,701
<b>Floating rate instruments</b>				
Financial liabilities	58,191,248	52,857,918	—	—

### 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 **RM57,784** (2017: RM68,069) and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

### 36.6 Reconciliation of liabilities arising from financing activities

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

GROUP				
	2017	Cash flows	Others	2018
	RM	RM	RM	RM
Factoring	10,188,694	9,501,742	—	19,690,436
Finance lease liabilities	716,698	(274,894)	350,000	791,804
Term loans	27,752,284	(3,882,264)	—	23,870,020
<i>Total liabilities from financing activities</i>	<i>38,657,676</i>	<i>5,344,584</i>	<i>350,000</i>	<i>44,352,260</i>

Pursuant to the transition provisions of the *Amendments to FRS 107 Statement of Cash Flows*, the Group is not required to disclose comparative information for the prior period.

# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 37. FAIR VALUE MEASUREMENT

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

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

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

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

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

- Current market values with reference to the selling prices of similar properties.

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
<b>GROUP</b>					
<b>2018</b>					
Investment properties	—	—	54,767,820	54,767,820	54,767,820
<b>2017</b>					
Investment properties	—	—	67,610,009	67,610,009	67,610,009
<b>COMPANY</b>					
<b>2018</b>					
Investment properties	—	—	1,630,000	1,630,000	1,630,000
<b>2017</b>					
Investment properties	—	—	1,630,000	1,630,000	1,630,000

The amount included in profit or loss of the Group and of the Company for unrealised gains on Level 3 assets amounted to **RM1,223,088** (2017: RM7,102,831) and **RM Nil** (2017: RM135,673) respectively.



# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2018 (cont'd)

## 37. FAIR VALUE MEASUREMENT (cont'd)

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
<b>GROUP</b>					
<b>2018</b>					
<b>Financial assets</b>					
Other investments	<u>21,444,214</u>	<u>–</u>	<u>–</u>	<u>21,444,214</u>	<u>21,444,214</u>
<b>2017</b>					
<b>Financial assets</b>					
Other investments	<u>811,370</u>	<u>–</u>	<u>–</u>	<u>811,370</u>	<u>811,370</u>
<b>COMPANY</b>					
<b>2018</b>					
<b>Financial assets</b>					
Other investments	<u>1,000,000</u>	<u>–</u>	<u>–</u>	<u>1,000,000</u>	<u>1,000,000</u>

### 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.

## 38. 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.

## NOTES TO THE FINANCIAL STATEMENTS

### - 30 JUNE 2018 (cont'd)

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

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

As at 30 June 2018, no options were granted.

The salient features of the ESOS are as follows:

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

#### 40. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

During the financial year, the Settlement has been completed except for the stakeholder's sum which will be released to the relevant parties upon fulfilment of the terms stipulated in the Settlement Agreement.

# LIST OF PROPERTIES

As at 30 JUNE 2018

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	5,055,698
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	4,426,308
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	1,893,531
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	721,667
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	960,015
G.M 5796, Lot No. 117 Mukim Kuah Langkawi, Kedah	11/10/1999	4,324.00 sq.metres	Freehold	Vacant land for development	4,513,706

**LIST OF PROPERTIES** (cont'd)

As at 30 JUNE 2018

Location of property	Date of Acquisition/ (Age of Building)	Area	Tenure	Description/ Existing Use	Carrying Amount (RM)
<b>Subsidiary companies</b>					
Bayan City Jalan Mayang Pasir 3 11950 Bayan Baru, Penang	25/07/2013 & 15/03/2017	58 units	Freehold	Commercial & residential lot	53,100,000
H.S.(D) 122369 to H.S.(D) 122378 PT 99382 to PT 99391 Bandar Sungai Petani Kuala Muda, Kedah	19/01/2010	7,511.00 sq.metres	Freehold	Development	1,906,699
H.S.(D) 90454 PT 48857 Bandar Sungai Petani Kuala Muda, Kedah	05/03/2013	375,655.70 sq.metres	Freehold	Development	14,774,885
H.S.(D) 127766 PT 65140 Bandar Amanjaya Kuala Muda, Kedah	03/04/2013	35.55 hectare	Freehold	Investment	14,065,277
Lot No. 72020 Mukim 12, Daerah Barat Daya Penang	02/08/2017	2.91 hectare	Freehold	Development	77,385,953

## STATEMENT OF SHAREHOLDINGS

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

### BREAKDOWN OF SHAREHOLDINGS AS AT 28 SEPTEMBER 2018

Range of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Issued Capital
Less than 100	224	3.41	8,051	0.00
100 – 1,000	2,002	30.56	1,798,468	0.75
1,001 – 10,000	3,279	50.05	14,168,337	5.98
10,001 – 100,000	887	13.54	27,108,195	11.44
100,001 – 11,852,808*	156	2.38	129,596,933	54.67
11,852,809 and above**	4	0.06	64,376,200	27.16
<b>TOTAL</b>	<b>6,552</b>	<b>100.00</b>	<b>237,056,184</b>	<b>100.00</b>

Note : \* - Less than 5% of issued holdings

\*\* - 5% and above of issued holdings

### SUBSTANTIAL SHAREHOLDERS AS AT 28 SEPTEMBER 2018

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

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No.	%	No.	%
Dato' Sri Koay Teng Choon	35,444,200	14.95	4,867,100	2.05
Kesan Anggun Sdn Bhd	20,000,000	8.44	–	–
Poly Dynamic Motion Sdn Bhd	13,364,200	5.64	–	–
Fang Pern Kok	–	–	31,230,400	13.17
Fang Siew Hong	–	–	20,000,000	8.44
Fang Siew Poh	5,337,900	2.25	20,000,000	8.44
Chuah Chong Ewe	1,075,000	0.45	13,364,200	5.64

### DIRECTORS' INTERESTS AS AT 28 SEPTEMBER 2018

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

Name of Directors	Direct Interest		Deemed Interest	
	No.	%	No.	%
Dato' Sri Koay Teng Choon	35,444,200	14.95	4,867,100	2.05
Fang Siew Hong	–	–	20,000,000	8.44
Fang Pern Kok	–	–	31,230,400	13.17
Datuk Tan Hiang Joo	29,000	0.01	–	–
Tuan Haji Abdul Hamid Bin Mohd Hassan	–	–	–	–
Allen Chee Wai Hong	–	–	–	–
Yang Teramat Mulia Raja Kecil Tengah Perak Raja Dato' Seri Iskandar Bin Raja Ziran @ Raja Zaid	–	–	–	–

## LIST OF TOP THIRTY SHAREHOLDERS

### AS AT 28 SEPTEMBER 2018

	Name	Shareholdings	Percentage
1.	Affin Hwang Nominees (Tempatan) Sdn Bhd [HDM Capital Sdn Bhd for Kesan Anggun Sdn Bhd]	20,000,000	8.44
2.	Dato' Sri Koay Teng Choon	17,462,000	7.37
3.	Amsec Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Dato' Sri Koay Teng Choon]	13,550,000	5.72
4.	Poly Dynamic Motion Sdn Bhd	13,364,200	5.64
5.	Affin Hwang Nominees (Tempatan) Sdn Bhd [Southern Corporation (Nibong Tebal) Sdn Bhd for Tan Lee Sim]	11,700,000	4.94
6.	Song Kim Lee	7,650,000	3.23
7.	Maybank Securities Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Sierra Bonus Sdn. Bhd.]	7,515,417	3.17
8.	Maybank Securities Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Resolute Accomplishment Sdn. Bhd.]	5,660,300	2.39
9.	Lim Pei Tiam @ Liam Ahat Kiat	5,352,100	2.26
10.	Song Phaik Gim	5,000,000	2.11
11.	Ooi Gim Chew	4,712,500	1.99
12.	Ooi Lai Hock	4,474,300	1.89
13.	Dato' Sri Koay Teng Choon	4,432,200	1.87
14.	Fang Siew Ling	3,982,500	1.68
15.	Hor Mei Seen	3,515,400	1.48
16.	Fang Siew Poh	3,431,000	1.45
17.	Lee Kim Poh	3,374,900	1.42
18.	Ong Beng Hooi	3,240,800	1.37
19.	Koay Shean Loong	3,000,000	1.27
20.	See Lam Tean @ Tan-See Lam Tean	2,212,200	0.93
21.	Maybank Securities Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Triumphant View Sdn. Bhd.]	2,100,000	0.89
22.	Tee Ah Swee	2,019,700	0.85
23.	Jf Apex Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Teow Wooi Huat]	1,946,000	0.82
24.	Ooi Goay Choo	1,910,000	0.81
25.	Fang Siew Poh	1,906,900	0.80
26.	Tan Guik Lan	1,867,100	0.79
27.	Phuah Lee Pieng	1,683,600	0.71
28.	Chai Mooi Chong	1,368,800	0.58
29.	Tee Ah Swee	1,197,400	0.51
30.	Chuah Chong Ewe	1,075,000	0.45
	TOTAL	160,704,317	67.83

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-Sixth (56th) Annual General Meeting of the Company to be held on 13 December 2018 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Resolution No.	Ordinary Business	For	Against
1	The payment of Directors' Fees		
2	The re-election of Dato' Sri Koay Teng Choon as Director		
3	The re-election of Chee Wai Hong as Director		
4	The re-appointment of Grant Thornton as Auditors and to authorise the Directors to fix their remuneration		
	<b>Special Business</b>		
5	Authority to Allot and Issue Shares in General Pursuant to Section 75 of the Companies Act, 2016		
6	Proposed Renewal of Share Buy Back Authority		
<b>Special Resolution</b>	Proposed Adoption of new Constitution of the Company		

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 2018 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.

A member (other than an exempt authorised nominee) entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies. A proxy must be 18 years and above and may but need not be a member of the Company.

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

Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds but the proportion of holdings to be represented by each proxy must be specified.

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

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

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

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



Then fold here

80 SEN  
STAMP  
(Within Malaysia)

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

1st fold here

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

55A Medan Ipoh 1A, Medan Ipoh Bistari  
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