



## Northern Projects (Cont'd)

### Taman Permaipura

Taman Permaipura is located in Sungai Petani with close proximity to the North-South PLUS highway. The first phase of the project offers single storey terrace and double storey terrace units with modern designs. Nearby amenities include golf & country clubs and a growing township.



Artist Impression of Taman Permaipura Single Storey Terrace (PPA1M)



Artist Impression of Taman Permaipura Double Storey Terrace (PPA1M)

## Future projects

### Property development

The Group is expected to launch the following new projects in Klang Valley in the near future :

#### Myra Meranti

Myra Meranti is a 3 phase development situated in Puchong Meranti. Focusing on triple storey terrace houses and shophots, the project's estimated GDV of RM90.0 million. It will comprise of 84 units of 3 storey terrace houses alongside 18 units of 3 storey shophots. The development is expected to be launched by end of 2017.

#### Myra Saujana

Myra Saujana, next to Putrajaya will feature 4 phases of development with an estimated GDV of RM260.0 million which will include terrace houses, semi-detached houses and apartments as well as homes under the Selangorku initiative. At present, Phase 1 of Myra Saujana has been confirmed as a 63 unit terrace house development and slated for launch early next year.



## Risks management

OIB Group has continued its steady growth through 2017 despite challenging macro and micro environments. The Group's internal targets set at the beginning of FY2017 has been achieved both in terms of sales and growth. Properties below RM500,000 made up a significant percentage of total sales which directly ties in with our brand value of offering affordable homes for generations. Our positioning is further strengthened by the current undersupply of affordable housing across the country.

Notwithstanding the uncertainty of changes in government policies and the general slow growth of the Malaysian economy, the Group continues to invest in its employees through various talent development programs to further enhance their skill sets and competency to cope with the constant changing environments. Key training focused on increasing the depth and quality of risk assessments reports as well as strategising various options to counter and manage potential changes during the planning stage of any project. In addition, soft skills trainings such as teambuilding are carried out to forge stronger partnerships across various departments to accelerate growth and value creation for all our stakeholders and customers.

As part of the initiative to further understand customers' needs and preferences in order to design and deliver products that meet market demand, the Group has set aside a budget to test out potential housing concepts and floor plans. The Group believes that such deeper understanding would enable Management to respond immediately to the changing market conditions.

## Forward looking statement

The outlook of the property market is viewed positively by the Group, due to a growing number of urbanised youths and stable employment in Malaysia. This is bolstered by the demand for residential properties in the mid-range and affordable segments, which is the Group's main focus. The Group will be launching 3 projects in the Klang Valley area catering to the RM400,000 to RM700,000 segment, which is the most transacted segment in Malaysia. Further, the Group's promotion of the 1Malaysia Civil Servants Housing (PPA1M) project has seen an increase in demand and will be growing this segment even further.

The Group's presence in the northern region of Malaysia has been bolstered with the launch of several new phases of existing projects catering to the RM300,000 and below segment, which has seen growth both in terms of sales and market size in the past year and is forecasted to continue its upward growth trend.

The Group's prospects remain positive anchored by additional 5 projects slated next year at various key strategic locations. Although the operating environment appears challenging with increase in general inflation and a rise in project costs, the Group is cautiously optimistic that the contribution margin from projects is able to absorb these effects whilst delivering healthy profitability and growth for the Group.

## Group's key strategies moving forward / immediate for FY2018

Moving forward, the Group will establish a Customer Experience department to provide seamless and value added services and initiatives throughout the customer's home acquisition journey. This initiative will involve a paradigm shift in policies, capability and mindset in all at OIB towards a more customer driven approach. To that end, the Group will invest in upskilling of personnel, tweaking of processes and implementation of technological innovations to provide the best customer experience across all platforms. Concurrently, the Group will also be looking to expand its existing land banks as well as to source for strategic land bank opportunities for future growth.

Above all, OIB will continue to build its brand and strengthen its presence as the leading purveyor of the home for generations, focusing on quality, value and affordability.





The Board of Directors of Oriental Interest Berhad ("the Board") recognises the importance of maintaining high standards of corporate governance in managing its business affairs so as to build a sustainable business capable of enhancing shareholder value.

The Board upholds the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2012 ("the MCCG 2012" or "the Code"). This statement sets out how the Company has applied the 8 Principles of the MCCG 2012 during the financial year following the release of the MCCG 2012 by the Securities Commission in late March 2012 within Oriental Interest Berhad ("OIB" or "the Company") and its subsidiary companies ("the Group"). Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observation, including the reasons thereof, shall be included in this statement.

## Principle 1 – Establish clear roles and responsibilities of the Board and Management

The Board acknowledges its key role in setting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions :

- to review and adopt a strategic plan for the Group including setting performance objectives and approving operating budgets to ensure the strategies promote sustainability;
- to oversee the conduct of the Group's businesses and build sustainable value for shareholders;
- to review procedures to identify principal risks and ensure the implementation of appropriate internal controls and mitigating measures to manage these risks;
- to implement succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing Executive Directors and Senior Management;
- to develop and implement a Corporate Disclosure Policy (including an investor relations programme or shareholder communications policy) for the Group;
- to review the adequacy and the integrity of the Group's internal control system and management information systems;
- to monitor and review management processes aimed at ensuring the integrity of financial and other reporting to ensure that the Group's financial statements are true and fair as well as conform with the accounting standards;
- to monitor and review policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations; and
- to ensure that the Group adheres to high standards of ethics and corporate behaviour.

To ensure the proper discharge of its stewardship role, the Board has established Board Committees, namely the Audit and Risk Management Committee ("ARMC"), Nominating Committee and Remuneration Committee and further entrusted to them, specific responsibilities to oversee the Group's affairs and authority to act on the Board's behalf in accordance with their respective terms of reference. The Chairmen of the relevant Board Committees also report to the Board on key issues deliberated at their respective meetings. The ultimate responsibility for decision making, however, lies with the Board.

### *Board Charter*

The roles and functions of the Board as well as roles delegated to Management are clearly delineated in the Board Charter. Whilst the Board retains full and effective control in directing and supervising the business and affairs of the Company, Management is responsible for day to day operations instituting compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group's corporate objectives. Such demarcation of roles is clearly set out in the Board Charter which complements and reinforces the supervisory role of the Board.

The Board had formalised its Board Charter according to the latest developments in the Group as well as regulatory requirements. The Board Charter is available for viewing at the Company's website at [www.oibgroup.com](http://www.oibgroup.com).

### *Code of Ethics and Whistle Blower Policy*

The Board had also formalised in writing the Code of Ethics and Code of Conduct in early 2013, setting out the standards of ethics and conduct expected from its Directors, Management and Officers to enhance the standards of corporate governance and corporate behaviour.

The Company had also put in place a whistle blower policy which allows the whistle blower to raise concerns about actual or potential corporate fraud or breach of ethics involving any employee, Senior Management or Director of the Group. Whistle blowing reports are addressed to Designated Officers of the Company, its Senior Independent Director or the Chairman of the ARMC following the form and specific conditions as prescribed under the policy. The policy also affirms that the identity of the whistle blower will be kept confidential and protection will be accorded to the whistleblower against any form of reprisal or retribution.

The Board has the overall responsibility of overseeing the execution of the whistle blower policy and recognises the importance of adhering to the Code of Ethics and Code of Conduct by all Directors, Management and Officers.

Whistle Blower Policy is available for viewing at the Company's website at [www.oibgroup.com](http://www.oibgroup.com).



## Principle 1 – Establish clear roles and responsibilities of the Board and Management (Cont'd)

### *Sustainability of Business*

The Board is mindful of the importance of business sustainability and had incorporated the Sustainability Policy into its corporate strategy, considering its impacts on environmental, social and governance aspects. Additionally, the Company's activities on corporate social responsibilities are disclosed under the Chairman's Statement in this Annual Report.

### *Supply of, and access to, Information*

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Group.

The Chairman, with the assistance of the Company Secretaries, ensures that all Directors have full and timely access to information with Board papers distributed in advance of Board meetings. This ensures that Directors have sufficient time to understand and appreciate issues deliberated at the Board meeting and expedites the decision making process.

Prior to the Board and Board Committees meeting, appropriate documents, which include the agenda and reports relevant to the issues of financial, operational, and regulatory compliance matters, are circulated to all Directors. This enables the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

Every Director has unrestricted access to the advice and services of the Company Secretaries, who ensure that the Board receives appropriate and timely information for its decision-making; to ensure that Board procedures are followed and all the statutory and regulatory requirements are met. The Company Secretaries ensure that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained. The Board believes that the current Company Secretaries are capable of carrying out their duties to ensure the effective functioning of the Board.

The Directors meet, review and approve all corporate announcements, including the announcement of quarterly financial results, before releasing them to Bursa Malaysia Securities Berhad ("Bursa Securities").

There is a formal procedure sanctioned by the Board, whether as a full board or in their individual capacity, to take independent professional advice, where necessary, in furtherance of their duties, at the Group's expense.

## Principle 2 - Strengthen Composition of the Board

As at the date of this Statement, the Board comprised of seven (7) members; four (4) Executive Directors and three (3) Non-Executive Directors, two (2) of whom are Independent. The composition fulfills the requirements set out under the Main Market Listing Requirements ("MMLR") of Bursa Securities, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out under the Profile of Directors in this Annual Report.

The Board has delegated certain responsibilities to Board Committees, which operate within clearly defined terms of references as follows :

### *ARMC*

The ARMC was established to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls. The composition and its report are presented under the ARMC Report in this Annual Report.

### *Nominating Committee – Selection and Assessment of Directors*

As at the date of this Statement, the members of the Nominating Committee, which comprise wholly of Non-Executive Directors, with a majority being Independent and their attendance at the two (2) meetings held during the financial year are as follows :

Directors	Number of meetings attended
Dato' Wira Lim Teong Kiat ( <i>Chairman</i> )	2/2
Tunku Mohamad Zulkifli Bin Osman	2/2
Low Kok Horng	2/2



## Principle 2 - Strengthen Composition of the Board (Cont'd)

The Board has delegated certain responsibilities to Board Committees, which operate within clearly defined terms of references as follows : (Cont'd)

### *Nominating Committee – Selection and Assessment of Directors (Cont'd)*

The Nominating Committee is empowered by the Board through clearly defined terms of reference to oversee the assessment of the Board as a whole, Board Committees and each individual Director, nominate to the Board the candidature of Directors and Board Committees' members as well as review the Board's succession plans and training programs. The terms of reference of the Nominating Committee is available for viewing at the Company's website at [www.oibgroup.com](http://www.oibgroup.com).

### *Appointment and annual assessment processes*

In discharging its responsibilities, the Nominating Committee has developed, maintained and reviewed the criteria to be used in the recruitment and annual assessment of Directors. The suitability of candidates is evaluated for recommendation to the Board and the Nominating Committee takes into consideration, inter-alia, the competency, commitment (including time commitment), contribution and performance of the candidates, including, where appropriate, the criteria on assessing the independence of candidates' appointment as Independent Non-Executive Directors.

Following the appointment of new Directors, the Committee shall facilitate an induction programme to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the market place pertaining to the oversight function of directors. This will enable the Directors to discharge their duties and responsibilities effectively. The necessary information for a better understanding of the business may include board minutes, the business/ strategic plan, pertinent management reports, profile of key competitors and significant reports by management consultants on areas of board responsibilities and arranging visits to key sites.

The Committee reviews annually the required mix of skills and experience for Directors and assesses the contributions of each individual Director and the effectiveness of the Board Committees and the Board as a whole. Furthermore, the Nominating Committee reviews the size and composition of the Board with particular consideration on the impact on the effective functioning of the Board.

In so far as board diversity is concerned, the Board does not have a specific policy on setting targets for women candidates. The evaluation of the suitability of candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. The results of the assessment would also be used to indicate potential trainings to be provided in the future for enhancement to the Directors' capabilities.

The Committee carried out the following activities during the financial year :

- Reviewed the term of office and performance of the ARMC.
- Reviewed and assessed the contribution of each Director and the effectiveness of the Board and Board Committees.
- Reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board.
- Reviewed the level of independent of Independent Directors.
- Discussed the character, experience, integrity and competence of the Directors, and Chief Financial Officer and to ensure they have the time to discharge their respective roles.
- Noted the training attended by Directors and recommended to the Board for adoption and disclosure in the Corporate Governance Statement for publication in the Annual Report.
- Reviewed and recommended re-election of Directors, who retire by rotation under the Articles of Association (Constitution) of the Company, at the forthcoming Annual General Meeting.
- Assessed and recommended the appointment of a new Executive Director & Chief Executive Officer.
- Assessed and recommended the re-designation of Managing Director as Executive Director.
- Noted the resignation of the Head of Internal Audit & Compliance and assessed her candidacy to assume the role of Financial Controller and subsequently as Chief Financial Officer ("CFO") following the resignation of the former CFO.
- Noted the candidacy and appointment of Senior Internal Audit Executive to lead the Internal Audit & Compliance team.

On 26 August 2016, the Committee accepted the intention of Low Kok Aun to step down as Managing Director and to retain his executive Board seat. At the same time, the Nominating Committee reviewed the candidacy of Low Kok Shen as Executive Director & Chief Executive Officer. In assessing his candidacy, the Committee considered succession planning to strengthen the generation of leadership for the Group, past professional experience, academic background skill sets and current role as Director in charge of business management and operations of the Group with direct reporting to Low Kok Aun. The afore-mentioned changes were approved by the Board to take effect on 1 September 2016.





## Principle 2 - Strengthen Composition of the Board (Cont'd)

### Re-election

The Articles of Association (Constitution) of the Company provide that an election of Directors shall take place each year and, at the Annual General Meeting ("AGM"), one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election. All the Directors shall retire from office once at least in every three years but shall be eligible for re-election.

The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-appointment. This provides an opportunity for shareholders to renew their mandates.

The election of each Director is voted on separately. To assist shareholders in their decision, personal profile and shareholding information of each Director standing for election are presented in this Annual Report under Profile of Directors and Analysis of Shareholdings respectively.

### Directors' Training

The Board, through the Nominating Committee, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfill the duties of a Director appropriately. All Directors have attended and successfully completed the Mandatory Accreditation Programme within the time frame stipulated in the MMLR.

The Board encourages its Directors to attend relevant training programmes, seminars and forums to enhance their skills and knowledge on relevant new laws and regulations, changing commercial risk to keep abreast with the development in the economy, industry, technology and business environment within which the Group operates.

The following are the courses and training programs attended by the Directors for the financial year ended 30 June 2017 :

Directors	Details of training	Date
Dato' Wira Lim Teong Kiat	MIA International Accountants Conference 2016	15 & 16 November 2016
	2017 Budget Seminar	23 February 2017
	Malaysian Private Entities Reporting Standards (MPERS) Recent Development and Updates	20 & 21 June 2017
	Companies Act 2016	28 June 2017
Tunku Mohamad Zulkifli Bin Osman	Practical Construction Law for Practitioners	25 November 2016
	Konvensyen Tanah Rizab Melayu Peringkat Negeri Kedah Darul Aman Tahun 2017	26 March 2017
Low Kok Shen	Mandatory Accreditation Programme for Directors of Public Listed Companies	13 & 14 October 2016
	Companies Act 2016	28 June 2017
Low Kok Kean	Companies Act 2016	28 June 2017
Low Kok Aun	Companies Act 2016	28 June 2017
Low Ping Kun	Companies Act 2016	28 June 2017
Low Kok Horng	Companies Act 2016	28 June 2017

### Remuneration Committee – Directors' Remuneration

As at the date of this Statement, the members of the Remuneration Committee, which comprises majority of Independent Non-Executive Directors, and their attendance at the sole meeting held during the year are as follows :

Directors	Number of meetings attended
Dato' Wira Lim Teong Kiat ( <i>Chairman</i> )	1/1
Tunku Mohamad Zulkifli Bin Osman	1/1
Low Kok Kean	1/1

The Remuneration Committee is responsible for recommending and putting in place a structured remuneration framework for all Executive Directors to the Board and to review the remuneration policies and procedures. The policy adopted by the Committee on Directors' remuneration is to structure remuneration packages necessary to attract, retain and motivate Directors to effectively manage the business of the Group.



## Principle 2 - Strengthen Composition of the Board (Cont'd)

### Remuneration Committee – Directors' Remuneration (Cont'd)

The determination of remuneration packages of Non-Executive Directors is a matter for the Board as a whole, with individual Directors abstaining from decisions in respect of their individual remuneration.

All Directors are paid Directors' Fees for serving as members of the Board with the fees appropriate to their contribution, taking into consideration effort, commitment and time spent as well as the responsibilities of the Directors. In addition, the Directors are also entitled to meeting allowance of RM1,000 per meeting. The Board would be seeking shareholders' approval at the forthcoming AGM for the payment of these fees and benefits payable.

During the year under review, the Committee carried out the following activities :

- Reviewed and recommended the fee structure and allowances for Directors.
- Reviewed and recommended the annual bonus for Executive Directors to the Board for approval.
- Reviewed and recommended remuneration package of Executive Directors to the Board for approval.

The Directors' remuneration is aligned with the business strategy of the Group and market rates within in the industry and in comparable companies, and to reflect the Board's responsibilities, experience, contributions, ethical values as well as corporate individual performance.

Details of the Directors' remuneration comprised remuneration received or receivable from the Company and the Group for the financial year ended 30 June 2017. Aggregate remuneration of Directors, categorised into appropriate components is as follows :

Received from the Company Categories	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	153	135	288
Allowances	16	32	48
Salaries	-	-	-
Bonuses	-	-	-
Employees' Provident Fund	-	-	-
Estimated Value of Benefits-in-Kind	-	-	-
<b>Total</b>	<b>169</b>	<b>167</b>	<b>336</b>

Received from the Group Categories	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	-	-	-
Allowances	-	-	-
Salaries	1,672	-	1,672
Bonuses	1,552	-	1,552
Employees' Provident Fund	386	-	386
Estimated Value of Benefits-in-Kind	18	-	18
<b>Total</b>	<b>3,628</b>	<b>-</b>	<b>3,628</b>

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

Categories	Executive Directors	Non-Executive Directors
RM50,000 – RM100,000	-	3
RM900,001 – RM950,000	2	-
RM950,001 – RM1,000,000	2	-

The Board chose to disclose the remuneration bands pursuant to the MMLR of Bursa Securities as it is of the view that detailed disclosure of individual Director's remuneration will not add to the understanding of the Group's governance practices.



## Principle 3 – Reinforce Independence of the Board

There is clear division of responsibilities between the Chairman and the Chief Executive Officer ("CEO") to engender accountability and facilitate the division of responsibility, such that no one individual has unfettered powers over decision making.

The Independent Non-Executive Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. On the other hand, the CEO is responsible for the executive management of the Group's business covering, inter alia, the development of a long-term strategic and short-term profit plans, annual operating plan and budget, to ensure that the Group's requirements for growth, profitability and return on capital are achieved. He is supported by the Executive Directors and Management team in implementing the Group's strategic plan and overseeing the operations and business development of the Group.

The Board also believes that the current Directors has a balanced mix of skills, experience, expertise and competency to bring the Group to the next level. Board deliberations are always carried out with candour and vigour, allowing all Directors to express their opinions regardless of their position. The Independent Non-Executive Directors bring to bear objective and independent judgment to the decision-making of the Board and reviews, in-depth, and challenges the performance of Management. The Non-Executive Directors contribute in areas such as policy and strategy, performance monitoring as well as improving governance and controls. Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who have proper understanding of and competence to deal with, current and emerging business issues.

During the financial year under review, the Nominating Committee has concluded that the Independent Directors have complied with the criteria of independence as set out in the Directors' Assessment Policy, taking into consideration the definition under Paragraph 1.01 of MMLR of Bursa Securities and the MCCG 2012.

The Board Charter and Directors' Assessment Policy have incorporated the requirement as set in the Code restricting the tenure of an Independent Director to a cumulative term of nine (9) years. However, while an Independent Director may continue to serve the Board after having reached the 9-year limit, he or she may be subjected to re-designation as a Non-Independent Non-Executive Director. Further, if the Board intends to retain the Director as Independent after the latter has exceeded the tenure, the Board shall justify the decision and seek shareholders' approval at a general meeting.

## Principle 4 – Foster commitment of Directors

The Board shall meet regularly, at least on a quarterly basis with additional meetings to be held as and when required. Prior notice of meetings will be given to all who are required to attend the meetings. Board meetings shall be conducted in a business-like manner where all Directors are encouraged to share their views and partake in discussions. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries or her representatives by way of minutes of meetings.

It is the policy of the Company for Directors to devote sufficient time and effort in carrying out their responsibilities. The Directors have to attend at least half of the meetings held for each financial year in accordance with MMLR of Bursa Securities.

During the financial year under review, four (4) Board meetings were held and details of Directors' attendance are as follows :

Position	Directors	Attendance
Independent Non-Executive	Dato' Wira Lim Teong Kiat ( <i>Chairman</i> )	4/4
	Tunku Mohamad Zulkifli Bin Osman	4/4
Executive	Low Kok Shen ( <i>appointed as Executive Director &amp; CEO on 1 September 2016</i> )	3/3
	Low Kok Aun ( <i>redesignated as Executive Director from Managing Director on 1 September 2016</i> )	4/4
	Low Kok Kean	4/4
	Low Ping Kun	3/4
Non-Independent Non-Executive	Low Kok Horng	4/4

The Board is satisfied with the level of time commitment given by the Directors in fulfilling their roles and responsibilities.





## Principle 5 – Uphold integrity in financial reporting

The Board is responsible for ensuring that the financial statements 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, primarily through the annual financial statements and quarterly announcements of results to Bursa Securities. The Board is assisted by the ARMC to oversee the Group's financial reporting processes and the quality of its financial reporting. This shall include the Group's financial results and cash flows for the year then ended as well. In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments as well as estimates in accordance with the applicable approved Financial Reporting Standards for entities other than private entities issued by the Malaysian Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia.

Key features underlying the relationship of the ARMC with the internal and external auditors are included in the ARMC's terms of reference published on the Company's website at [www.oibgroup.com](http://www.oibgroup.com). A summary of the activities of the ARMC during the financial year, including the evaluation of the independent audit process, are set out in the ARMC Report in this Annual Report.

The ARMC shall assesses the suitability and independence of the external auditors before deciding to recommending their re-appointment to the Board. This includes reviewing the contracts for provision of non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money. Forbidden contracts include management consulting, strategic decision, internal audit and standard operating policies and procedures documentation. In addition, the ARMC also receives confirmation from external auditors on their independence annually. During the financial year under review, the external auditors confirmed their independence as the external auditor at the ARMC meeting.

The ARMC and the Board is in the process of finalising policies governing the circumstances under which contracts for the provision of non-audit services could be entered into by the external auditors as well as assessment of the external auditors.

The details of the fees paid/payable in respect of the financial year under review to the external auditors or an affiliated firm of the external auditors are set out in the Additional Compliance Information of this Annual Report.

## Principle 6 – Recognise and manage risks

Recognising the importance of risk management, a formalised and structured Enterprise Risk Management ("ERM") framework was already in place to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis. The group's existing EMF was updated during the year and renamed during the year as Risk Management Framework ("RMF"). The key features of the RMF are set out in the Statement on Risk Management and Internal Control of the Group in this Annual Report.

In line with the MMLR of Bursa Securities and the MCCG 2012, the Group has established its internal audit function by setting up an in-house internal audit department, to carry out internal audit of the Group. Details of the Company's internal control system and internal audit's scope of work during the financial year under review is provided in the Statement on Risk Management and Internal Control of the Group in this Annual Report.

## Principle 7 – Ensure timely and high quality disclosure

The Board recognises the need for comprehensive, timely and accurate disclosures of all material Company information to the public so as to ensure a credible and responsible market in which participants conduct themselves with the highest standards of due diligence and investors have access to timely and accurate information to facilitate the evaluation of securities.

The Board is in the process of formalising a Corporate Disclosure Policy (incorporating investor relations and shareholder communication program) which is in line with the disclosure requirements as stipulated in the MMLR of Bursa Securities, and also setting out the protocols for disclosing material information to shareholders and stakeholders.

To ensure thorough public dissemination, the Company has leveraged on information technology including making announcements via Bursa LINK (The Listing Information Network) of Bursa Securities and establishing a dedicated section for Investors on the Company's website where updates on the Company's announcements, corporate governance practices, financial information, stock information, corporate governance practices and the Company's quarterly and annual reports may be accessed.



## Principle 8 – Strengthen relationship between Company and shareholders

### *Shareholder participation at general meeting*

The AGM which is the principal forum for shareholders' dialogue, allows shareholders to review the Group's performance via the Company's annual report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating on proposed resolutions as well as the Group's operations in general. In the last AGM, a question and answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

The Company dispatches its notice of AGM to shareholders at least twenty-one (21) days before the date of the meeting to enable shareholders to go through the annual report and papers supporting the resolutions proposed. Shareholders are invited to ask questions regarding the resolutions being proposed before putting these resolutions to vote as well as matters relating to the Group's operations in general. The Board has been conducting poll voting for all resolutions at all general meetings, for which notice or circulars have been issued to shareholders, as well as announcing detailed results showing the number of votes cast for and against each resolution.

### *Communication and engagement with shareholders*

The Company recognises the importance of being transparent and accountable to its investors and, as such, has maintained an active and constructive communication channel that enables the Board and Management to communicate effectively with investors, the financial community, and the public generally. The various channels of communications are through the quarterly announcements of financial results, relevant announcements and circulars when necessary through Bursa Securities, AGM, and through the Group's website at **[www.oibgroup.com](http://www.oibgroup.com)** where shareholders can access corporate information, press releases, and company announcements.

This Statement is issued in accordance with a resolution of the Board dated 20 September 2017.

# Audit and Risk Management Committee Report



The Audit and Risk Management Committee ("ARMC") is tasked to assist the Board of Directors of Oriental Interest Berhad ("the Board") to ensure the effective discharge of fiduciary duties for financial reporting, corporate governance as well as internal control and risk management. Its key responsibilities include the following :

- Ensure integrity of financial information by overseeing the financial reporting policies and practices of Oriental Interest Berhad ("OIB" or "the Company") and its subsidiaries ("OIB Group" or "the Group") to ensure compliance with specified accounting standards and required disclosures as by relevant accounting standards bodies and any other laws and regulations as amended from time to time.
- Assess the Group's processes in relation to its risks, governance (including conflict of interest situations and related party transactions) and control environment.
- Establish a transparent and professional arrangement for maintaining an appropriate relationship with the Group's external and internal auditors.

The terms of reference of the ARMC are published on the Company's website at [www.oibgroup.com](http://www.oibgroup.com).

As at date of this Report, the members of the ARMC, which comprises wholly of Non-Executive Directors, with a majority being Independent and their attendance at the four (4) meetings held during the financial year are as follows :

Directors	Number of meetings attended
Dato' Wira Lim Teong Kiat ( <i>Chairman</i> )	4/4
Tunku Mohamad Zulkifli Bin Osman	4/4
Low Kok Horng	4/4

The Committee makes arrangements to meet and discuss with the external and internal auditors on any matters relating to the Group and its audit activities. The Committee met twice (2) with the external auditors without the presence of the executive Board members and Management during the financial year under review.

## Summary of activities during the financial year

The ARMC carried out its duties in accordance with its terms of reference during the financial year. The main activities undertaken by the ARMC during the financial year and up to to-date were as follows :

### External audit

- Discussed the audit plan, scope of work/audit and reporting obligations as well as proposed audit fee for the year under review with the external auditors before commencement of audit engagement.
- Reviewed and discussed with the external auditors, the findings and results of the audit and significant audit/accounting issues and management letter (if any) together with Management's response and comments.
- Responded to external auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.
- Appraised the suitability and performance of external auditors vis a vis independence, objectivity, quality and robustness of the audit and report furnished, level of understanding demonstrated of the Group's business and communication about new and applicable accounting practices and auditing standards and its impact to the Group's financial statements as well as competency of the people and made recommendation to the Board on their re-appointment and fixing their remuneration.

### Internal audit ("IA") & risk management

- Reviewed and approved the IA plan to ensure the adequacy of the scope and comprehensive coverage of the activities of the Group.
- Reviewed the reports on IA, audit recommendations made and Management's response and actions taken to improve system of internal controls and risk management, including the implementation status of management agreed actions to address findings highlighted in previous cycles of IA. The ARMC has, where appropriate, directed Management to rectify and improve control procedures and workflow processes based on the internal auditor's suggestions for improvement.
- Reviewed and assessed performance of Head of Internal Audit & Compliance and IA department.
- Reviewed the Quarterly Risk Management Report submitted by the Management and reported accordingly to the Board.



## Summary of activities during the financial year (Cont'd)

### Financial reporting

- Reviewed the Group's quarterly unaudited financial results and annual audited financial statements as well as appropriate announcements to the regulatory authorities before recommending to the Board's approval, focussing on changes in or implementation of major accounting policies, significant and unusual events and compliance with the provision of the Companies Act 2016 and applicable accounting standards approved by the Malaysian Accounting Standards Board.

### Corporate governance

- Met with the external auditors without the presence of Executive Directors and management staff on 26 August 2016 and 12 May 2017 to discuss on major issues of concern to the external auditors. None was reported.
- Reviewed, periodically, related party transactions and recurrent related party transactions ("RRPT") of a revenue or trading nature on scope, threshold, limit of shareholders' mandate and any conflict of interest situation that might arise from the aforesaid transactions as reported by Management and report to the Board accordingly.
- Reviewed the circular to shareholders on RRPT of a revenue or trading nature.
- Accepted updates to Whistleblowing Policy and recommended to the Board for approval.
- Endorsed the appointment of Financial Controller and subsequent re-designation to Chief Financial Officer ("CFO") to fill the vacancy arising from resignation of previous CFO. The former Head of Internal Audit & Compliance relinquished her position to assume the role as Financial Controller.
- Approved the appointment of Senior Internal Audit Executive to lead the Internal Audit & Compliance team.
- Reviewed and approved/recommended, as applicable, ARMC Report, Statement on Risk Management and Internal Control and Corporate Governance Statement for Board's approval before inclusion in the Annual Report.
- Reviewed, considered and approved proposals as presented by RHB Investment Bank Berhad in relation to proposed acquisitions of lands from parties connected to the Directors and major shareholders of the Company and amendments to the Constitution to facilitate the payment arrangement in connection with the acquisitions of lands.
- Reviewed non-audit fees paid/payable to the external auditors and its affiliated firms.

### IA function

The Group's IA function is carried out by IA Department that reports directly to the ARMC. The principal role of the IA Department is to undertake independent and periodic reviews of the system of internal control and risk management so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the IA function to provide the ARMC with independent and objective reports on the state of internal control and risk management of the key business units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The main activities undertaken by the IA were as follows :

- Tabled the annual IA plan to the ARMC for deliberation and approval.
- Visited business premises of the Group and conducted audit procedures on the various business processes in accordance with the audit plan to ascertain the extent of compliance with the Group's policies, procedures and statutory requirements as well as the adequacy of existing control in safeguarding the Group's assets.
- Reviewed and presented the Quarterly Risk Management Report to the ARMC.
- Reviewed and updated the Enterprise Risk Management framework and Risk Register for key business units.
- Presented IA report on the findings of the audit conducted, including Management's responses and its recommendations, to the ARMC on a quarterly basis.
- Followed up on the corrective actions and implementation of recommendations, from findings of previous IA reports, undertaken by the Management and updated the ARMC accordingly.

During the financial year under review, audits were carried out based on IA plan duly approved by the ARMC focussing specifically on operations, finance and governance.

In reviewing operations, the IA focused on timeliness of rectification works carried on complaints received from purchasers, management of hotel room reservation, compliance with standard operating procedures ("SOP") for quality control, customer service and monitoring of construction works as well as recoverability of sundry deposits from completed projects and analysis of expenses (including building materials) and finance costs. The IA noted some weaknesses in the effectiveness and adequacy of controls, and these together with improvement recommendations have been reported to the ARMC. However, none of the weaknesses noted have resulted in material losses, contingencies or uncertainties to the Group.



## Summary of activities during the financial year (Cont'd)

### *IA function (Cont'd)*

The IA team also undertook a review of the Enterprise Risk Management framework first set-up in 2013. The key business units were identified as corporate office, property development, oil palm cultivation and investment properties. The sole risk marked as "High" was vulnerability of the Property Development activities to changes in macro economy. Risk marked as "Significant" were corporate office (governance), property development (branding, competition, quality of products and services, delay in responding to customers' complaints, project cost overrun, delay in completion and handover, lower purchasing power of consumer would affect demand for properties and difficulty for purchasers to secure loans to finance properties).

As part of annual review of the RRPT, the IA have ascertained that the guidelines and procedures established to monitor the RRPT have been complied with.

The costs incurred for the IA function of the Group for the financial year ended 30 June 2017 amounted to RM195,150.



# Statement on Risk Management and Internal Control



## Introduction

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors of listed issuers to include in its Annual Report a “statement about the state of internal control of the listed issuer as a group”.

The Board of Directors of Oriental Interest Berhad (the “Board”) is committed to maintaining a sound system of risk management and internal control in the Group and presents the following Statement on Risk Management and Internal Control (the “Statement”), which outlines the nature and scope of risk management and internal control prevailing in the Group during the financial year ended 30 June 2017 under review and up to date of issuance of this Statement. The associated company has not been considered for the purpose of this Statement.

## Board’s Responsibility

The Board affirms its ultimate responsibility for the Group’s system of risk management and internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its effectiveness, adequacy and integrity. In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of risk management and internal control covers, inter-alia, strategic, financial, operational and compliance aspects of the business.

The Statement has been prepared by taking into account the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers (the “Guidelines”). The Board confirms the existence of an Enterprise Risk Management (“ERM”) framework and that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group. The Board, through the Audit and Risk Management Committee (“ARMC”), regularly reviews the results of this process, including mitigating measures taken by Management, to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

## Risk Management

The Board fully supports the contents of the Guidelines and also Recommendation 6.1 of the Malaysian Code on Corporate Governance (“MCCG 2012”) which recommend the establishment of a sound framework to manage risks.

The Group’s existing ERM was renamed as Risk Management Framework (“RMF”). The RMF was updated and adopted by the ARMC and approved by the Board during the financial year. The RMF requires the Management to identify, evaluate and monitor all relevant and potential significant risks relating to and affecting the industry and market in which the Group operates in. The Management will report to the ARMC on a quarterly basis on the significant risks identified together with the proposed strategies and plans to address them. After deliberation, the ARMC will report to the Board for consideration, on the adequacy of the proposed approach to manage the risks so identified, and seek further direction, as needed. The Internal Audit function reviews the effectiveness and adequacy of control procedures adopted by the Group in mitigating the significant risks identified and reported; any weaknesses noted will be reported to the ARMC. Through these mechanisms, the ARMC and the Board are assured that the significant risks of the Group are reviewed and appropriately managed to an acceptable level.

The Group’s system of risk management and internal control is founded on a clear understanding and appreciation of the following key elements of the Group’s risk management framework :

- A risk management structure which outlines the lines of reporting and establishes the responsibility at different levels, i.e. the Board, ARMC and the Management;
- On-going identification and management of principal business risks (present and potential) faced by key business units in the Group. The risk responses and internal controls that Management has taken and/or is taking are discussed at ARMC meetings;
- Risk appetite and parameters (qualitative and quantitative) for the Group and individual business segment have been articulated so as to gauge acceptability of risk exposure; and
- Preparation of action plans to address risk and control issues on an on-going basis.

Whilst the Board considers the RMF to be robust, the framework is still subject to continuous improvement, taking into consideration better practices and the changing business environment.

# Statement on Risk Management and Internal Control (Cont'd)



## Internal Audit function

The Group's internal audit department reports directly to the ARMC on a quarterly basis. The internal audit function provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of risk management, internal control and governance of the Group. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the business segments of the Group. The internal audit function reviews the internal control in the key activities of the Group's businesses based on a detailed annual internal audit plan approved by the ARMC. Opportunity for improvements to the system of internal control are identified and presented to the ARMC via internal audit reports whilst Management formulates the relevant action plans to address the issues noted.

During the financial year under review, internal audit function reviewed the internal controls in the key activities of the Group's business based on internal audit plans duly approved by the ARMC. The findings of the internal audit function, including its recommendations and Management's responses, were reported to the ARMC on a quarterly basis. In addition, the internal audit function also followed up on the implementation of recommendations from findings of previous internal audit reports and updated the ARMC on the implementation status of the agreed action plan.

During the financial year ended 30 June 2017, the Internal Audit function carried out the following activities :

### Operations :

- Rectification of defect complaints by purchasers;
- Compliance with Standard Operating Procedures ("SOP") in terms of completeness and timeliness, for quality control and monitoring of construction work;
- Recoverability of sundry deposits in respect of completed projects.

### Finance :

- Analysis of expenses and finance costs;
- Related party transactions and recurrent related party transactions of a revenue or trading nature on scope, threshold and limit of shareholders' mandate.

Further details of activities undertaken by the Internal Audit function are set out in the ARMC Report in this Annual Report.

## Internal Control

The key elements of the Group's internal control system described below are relevant across the Group to provide continuous assurance to be given at increasingly higher levels of Management and, finally, to the Board :

### (a) Lines of responsibility and delegation of authority

The Board has put in place an organisational structure with formally defined lines of responsibility and delegation of authority. Hierarchical reporting is established to ensure a documented and auditable trail of accountability. The procedures include the establishment of limits of authority coupled with internal checks and appropriate segregation of duties. These procedures are relevant across Group operations and provide for continuous assurance to be given at increasingly higher levels of Management and, finally, to the Board.

### (b) Continuous monitoring and reporting

The Chief Executive Officer, together with the then Financial Controller (now Chief Financial Officer), provide the Board with financial information, including pertinent explanations on the performance of the Group at quarterly intervals.

The management team meets quarterly with the Executive Board to discuss strategic, operational and financial agenda. Updates on operations and other issues are given by the Chief Executive Officer, as needed, to the Executive Directors during meetings for its oversight of Group operations and activities.

Where areas of improvement in the system of internal control and risk management are identified and implemented by the management, the ARMC shall be informed accordingly.

### (c) Corporate governance practices

The Board had adopted salient corporate governance policies and procedures such as Board Charter, Director Assessment Policy, Code of Conduct and Ethics and Whistle Blower Policy.

# Statement on Risk Management and Internal Control (Cont'd)



## **Internal Control (Cont'd)**

The key elements of the Group's internal control system described below are relevant across the Group to provide for continuous assurance to be given at increasingly higher levels of Management and, finally, to the Board : (Cont'd)

(d) *Group's policies and procedures*

The Group's internal operational policies and procedures are reviewed and revised periodically to meet changing business, operational and regulatory requirements.

(e) *Regular visits to main operating units*

Divisional Management visit key operating units regularly.

## **Adequacy and effectiveness of the Group's risk management and internal control system**

The Board has received assurance in writing from the Chief Executive Officer and the then Financial Controller (now Chief Financial Officer) that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Based on this assurance, the input from relevant assurance providers, as well as its review, the Board is of the view that the Group's risk management and internal control system is satisfactory to meet the Group's needs and has not resulted in any material losses, contingencies or uncertainties that require disclosure in the Group's annual report. Cognizant of the importance of the Group's risk management and internal control system, the Board continues to take appropriate measures to strengthen the internal control environment and risk management framework.

## **Review of this Statement by External Auditors**

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 30 June 2017, and reported to the Board that nothing has come to their attention that cause them to believe that the Statement intended to be included in the Annual Report of the Group, in all material respects :

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

This Statement is issued in accordance with a resolution of the Board dated 20 September 2017.



## Reports and Financial Statements

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# Directors' Report

For The Financial Year Ended 30 June 2017



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

## Principal activities

The principal activities of the Company are investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

## Immediate and ultimate holding company

The Company is a subsidiary of Jupiter Sunrise Sdn Bhd, of which is incorporated in Malaysia and regarded by the Directors as the Company's immediate and ultimate holding company, during the financial year and until the date of this report.

## Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

## Results

	Group RM'000	Company RM'000
Profit for the financial year attributable to :		
Owners of the Company	38,506	20,232
Non-controlling interests	11,021	-
	<u>49,527</u>	<u>20,232</u>

## Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

## Dividends

Since the end of the previous financial year, the Company paid an interim single-tier dividend of 8 sen per ordinary share, totalling RM11,589,760 in respect of the financial year ended 30 June 2016 on 22 August 2016.

The Directors declared an interim single-tier dividend of 7 sen per ordinary share, totalling RM10,141,040 in respect of the financial year ended 30 June 2017 on 7 August 2017 and paid on 30 August 2017.

The Directors do not recommend any final dividend to be paid for the financial year under review.



# Directors' Report

For The Financial Year Ended 30 June 2017 (Cont'd)



## Directors of the Company

Directors who served during the financial year until the date of this report are :

Dato' Wira Lim Teong Kiat

Tunku Mohamad Zulkifli Bin Osman

Low Kok Shen (Appointed on 1 September 2016)

Low Kok Aun

Low Kok Kean

Low Ping Kun

Low Kok Horng

## Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	1.7.2016/*	Number of ordinary shares		30.6.2017
		Addition	Disposal	
The Company				
Deemed interest				
Low Kok Shen	85,030,069*	-	(85,030,069)^	-
Low Ping Kun	85,030,069	-	-	85,030,069

## Immediate and ultimate holding company

### Jupiter Sunrise Sdn Bhd

Deemed interest

Low Kok Shen	500,000*	-	(500,000)^	-
Low Ping Kun	1,000,000	-	-	1,000,000

\* At date of appointment

^ Cessation of interest pursuant to Section 8(4) of the Companies Act 2016

By virtue of his interests in the ordinary shares of the Company, Mr. Low Ping Kun is also deemed interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares of the Company and its related corporations during the financial year.

## Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remunerations received or due and receivable by Directors as shown in the financial statements of the Company or of its related corporations) by reason of a contract made by the Company or a related company with the 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 transactions entered in the ordinary course of business as disclosed in Note 33 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object 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.

# Directors' Report

For The Financial Year Ended 30 June 2017 (Cont'd)



## Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company and no debentures were issued during the financial year.

## Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

## Indemnity and insurance cost

There were no indemnity or insurance effected for Directors and officers 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 to ascertain that :

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## Significant events

The details of such events are disclosed in Note 35 to the financial statements.

# Directors' Report

For The Financial Year Ended 30 June 2017 (Cont'd)



## Auditors

The auditors, Messrs KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 25 to the financial statements.

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

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**Low Kok Shen**

Director

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**Low Kok Aun**

Director

Kedah Darul Aman

Date : 20 September 2017

# Statements of Financial Position

As At 30 June 2017



	Note	Group 2017 RM'000	2016 RM'000	Company 2017 RM'000	2016 RM'000
<b>ASSETS</b>					
Property, plant and equipment	3	71,753	70,840	-	-
Land held for property development	4	94,901	96,250	-	-
Investment properties	5	26,441	28,166	-	-
Biological assets	6	1,136	1,087	-	-
Investments in subsidiaries	7	-	-	180,256	184,597
Investment in an associate	8	5,241	5,216	-	-
Deferred tax assets	9	5,484	4,968	-	-
<b>Total non-current assets</b>		<b>204,956</b>	206,527	<b>180,256</b>	184,597
Property development costs	10	112,445	129,255	-	-
Inventories	11	26,538	6,495	-	-
Amount due from customer on construction contracts	12	9,813	6,450	-	-
Trade and other receivables	13	141,938	102,635	113,890	66,639
Available-for-sale financial assets	14	95	493	-	178
Tax recoverable		2,189	764	-	-
Cash and cash equivalents	15	56,289	57,371	975	32,057
<b>Total current assets</b>		<b>349,307</b>	303,463	<b>114,865</b>	98,874
<b>Total assets</b>		<b>554,263</b>	509,990	<b>295,121</b>	283,471
<b>EQUITY</b>					
Share capital	16	144,872	144,872	144,872	144,872
Reserves	17	196,315	169,254	81,782	73,167
<b>Equity attributable to owners of the Company</b>		<b>341,187</b>	314,126	<b>226,654</b>	218,039
<b>Non-controlling interests</b>		<b>70,024</b>	61,242	-	-
<b>Total equity</b>		<b>411,211</b>	375,368	<b>226,654</b>	218,039
<b>LIABILITIES</b>					
Loans and borrowings	18	23,924	30,337	-	-
Deferred tax liabilities	9	561	578	-	-
<b>Total non-current liabilities</b>		<b>24,485</b>	30,915	-	-
Loans and borrowings	18	56,413	52,913	50,000	46,500
Trade and other payables	19	59,292	47,835	18,303	18,893
Tax payable		2,862	2,959	164	39
<b>Total current liabilities</b>		<b>118,567</b>	103,707	<b>68,467</b>	65,432
<b>Total liabilities</b>		<b>143,052</b>	134,622	<b>68,467</b>	65,432
<b>Total equity and liabilities</b>		<b>554,263</b>	509,990	<b>295,121</b>	283,471

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

# Statements of Profit or Loss and Other Comprehensive Income

For The Financial Year Ended 30 June 2017



	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	20	247,934	233,119	22,171	12,004
Cost of sales	21	(155,098)	(148,390)	-	-
<b>Gross profit</b>		<b>92,836</b>	84,729	<b>22,171</b>	12,004
Other income		4,223	4,793	1,838	1,275
Selling and distribution expenses		(4,851)	(3,746)	-	-
Administrative expenses		(18,142)	(14,379)	(536)	(418)
Other expenses		(6,840)	(2,917)	(406)	(135)
<b>Results from operating activities</b>		<b>67,226</b>	68,480	<b>23,067</b>	12,726
Finance costs	22	(2,101)	(848)	(2,328)	(1,761)
Share of profit of equity-accounted associate		25	24	-	-
<b>Profit before tax</b>	25	<b>65,150</b>	67,656	<b>20,739</b>	10,965
Taxation	26	(15,623)	(16,010)	(507)	(369)
<b>Profit for the financial year</b>		<b>49,527</b>	51,646	<b>20,232</b>	10,596



# Statements of Profit or Loss and Other Comprehensive Income

For The Financial Year Ended 30 June 2017 (Cont'd)



		Group		Company	
	Note	2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
<b>Other comprehensive income, net of tax</b>					
Reclassification of fair value reserve upon disposal of available-for-sale financial assets		(27)	(15)	(27)	(15)
<b>Total comprehensive income for the financial year</b>		<b>49,500</b>	51,631	<b>20,205</b>	10,581
<b>Profit attributable to :</b>					
Owners of the Company		<b>38,506</b>	40,153	<b>20,232</b>	10,596
Non-controlling interests		<b>11,021</b>	11,493	-	-
<b>Profit for the financial year</b>		<b>49,527</b>	51,646	<b>20,232</b>	10,596
<b>Total comprehensive income attributable to :</b>					
Owners of the Company		<b>38,479</b>	40,138	<b>20,205</b>	10,581
Non-controlling interests		<b>11,021</b>	11,493	-	-
<b>Total comprehensive income for the financial year</b>		<b>49,500</b>	51,631	<b>20,205</b>	10,581
<b>Basic and diluted earnings per ordinary share (sen)</b>	27	<b>26.58</b>	27.72		

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

# Statements of Changes in Equity

For The Financial Year Ended 30 June 2017



Group	Note	Attributable to owners of the Company						Non-controlling interests	Total equity
		Share capital	Share premium	Fair value reserves	Revaluation reserves	Retained earnings	Total		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 July 2015</b>		90,545	186	42	9,872	183,235	283,880	58,818	342,698
<b>Other comprehensive expense :</b>									
- Reclassification of fair value reserve upon disposal of available-for-sale financial assets		-	-	(15)	-	-	(15)	-	(15)
Profit for the financial year		-	-	-	-	40,153	40,153	11,493	51,646
<b>Total comprehensive (expense)/income for the financial year</b>		-	-	(15)	-	40,153	40,138	11,493	51,631
<b>Transactions with owners :</b>									
Acquisition of non-controlling interests in subsidiaries	34	-	-	-	-	974	974	(6,881)	(5,907)
Issuance of ordinary shares pursuant to bonus issue	16	54,327	(186)	-	-	(54,141)	-	-	-
Dividends	28	-	-	-	-	(10,866)	(10,866)	-	(10,866)
Dividend paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	(2,188)	(2,188)
<b>Total transactions with owners of the Company</b>		54,327	(186)	-	-	(64,033)	(9,892)	(9,069)	(18,961)
Realisation of revaluation reserves		-	-	-	(487)	487	-	-	-
<b>At 30 June 2016</b>		144,872	-	27	9,385	159,842	314,126	61,242	375,368

# Statements of Changes in Equity

For The Financial Year Ended 30 June 2017 (Cont'd)



Group	Note	Attributable to owners of the Company						Total equity RM'000	
		Share capital RM'000	Share premium RM'000	Non-distributable			Non-controlling interests RM'000		
				Fair value reserves RM'000	Revaluation reserves RM'000	Retained earnings RM'000			
At 1 July 2016		144,872	-	27	9,385	159,842	314,126	61,242	375,368
Other comprehensive expense :									
	-			(27)	-	-	(27)	-	(27)
	-		-	-	-	38,506	38,506	11,021	49,527
Total comprehensive (expense)/income for the financial year		-	-	(27)	-	38,506	38,479	11,021	49,500
Transactions with owners :									
Acquisition of non-controlling interests in subsidiaries	34	-	-	-	-	172	172	(1,317)	(1,145)
Issuance of ordinary shares by a subsidiary		-	-	-	-	-	-	200	200
Dividends	28	-	-	-	-	(11,590)	(11,590)	-	(11,590)
Dividend paid to non-controlling interests of a subsidiary		-	-	-	-	-	-	(1,122)	(1,122)
Total transactions with owners of the Company		-	-	-	-	(11,418)	(11,418)	(2,239)	(13,657)
Realisation of revaluation reserves		-	-	-	(499)	499	-	-	-
At 30 June 2017		144,872	-	-	8,886	187,429	341,187	70,024	411,211

# Statements of Changes in Equity

For The Financial Year Ended 30 June 2017 (Cont'd)



Company	Note	Attributable to owners of the Company					Total RM'000
		Share capital RM'000	Share premium RM'000	Non-distributable		Distributable Retained earnings RM'000	
				Fair value reserves RM'000			
At 1 July 2015		90,545	186	42	127,551	218,324	
Other comprehensive expense :							
- Reclassification of fair value reserve upon disposal of available-for-sale financial assets		-	-	(15)	-	(15)	
Profit for the financial year		-	-	-	10,596	10,596	
<b>Total comprehensive (expense)/income for the financial year</b>		-	-	(15)	10,596	10,581	
Transactions with owners :							
Issuance of ordinary shares pursuant to bonus issue	16	54,327	(186)	-	(54,141)	-	
Dividends	28	-	-	-	(10,866)	(10,866)	
		54,327	(186)	-	(65,007)	(10,866)	
<b>At 30 June 2016/1 July 2016</b>		<b>144,872</b>	<b>-</b>	<b>27</b>	<b>73,140</b>	<b>218,039</b>	
Other comprehensive expense :							
- Reclassification of fair value reserve upon disposal of available-for-sale financial assets		-	-	(27)	-	(27)	
Profit for the financial year		-	-	-	20,232	20,232	
<b>Total comprehensive (expense)/income for the financial year</b>		-	-	(27)	20,232	20,205	
Transaction with owners :							
Dividends	28	-	-	-	(11,590)	(11,590)	
<b>At 30 June 2017</b>		<b>144,872</b>	<b>-</b>	<b>-</b>	<b>81,782</b>	<b>226,654</b>	

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

# Statements of Cash Flows

For The Financial Year Ended 30 June 2017



		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before tax		65,150	67,656	20,739	10,965
Adjustments for :					
Depreciation of :					
- property, plant and equipment	3	2,045	1,694	-	-
- investment properties	5	224	97	-	-
Amortisation of biological assets	6	60	52	-	-
Dividend income	20	-	-	(17,501)	(8,612)
Interest income	25	(2,034)	(1,051)	(583)	(612)
Property, plant and equipment written off	25	1	31	-	-
(Reversal of)/Impairment loss on :					
- investment in subsidiaries	25	-	-	(1,229)	(248)
- available-for-sale financial assets	14	178	13	178	-
Gain on disposal of property, plant and equipment	25	(156)	(2,060)	-	-
Reclassification of fair value reserve upon disposal of available-for-sale financial assets	25	(27)	(15)	(27)	(15)
Interest expense	22	2,101	848	2,328	1,761
Share of profit of an associate		(25)	(24)	-	-
Operating profit before changes in working capital		67,517	67,241	3,905	3,239
Changes in working capital :					
Property development costs		(10,349)	(31,214)	-	-
Inventories		13,155	4,381	-	-
Amount due from customer on construction contracts		(3,363)	(3,177)	-	-
Trade and other receivables		(39,303)	(1,321)	1,000	(994)
Trade and other payables		13,186	(944)	179	46
Cash generated from operations		40,843	34,966	5,084	2,291
Tax paid		(17,678)	(15,349)	(382)	(490)
Net cash from operating activities		23,165	19,617	4,702	1,801



# Statements of Cash Flows

For The Financial Year Ended 30 June 2017 (Cont'd)



	Note	Group		Company	
		2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
<b>Cash flows from investing activities</b>					
Interest received		2,034	1,051	583	612
Dividend received		-	-	17,501	8,612
Proceeds from disposal of property, plant and equipment		410	2,545	-	-
Proceeds from disposal of available-for-sale financial assets	14	220	400	-	100
Additions to property, plant and equipment	3	(3,213)	(2,733)	-	-
Additions to land held for property development		(4,918)	(20,702)	-	-
Additions to biological assets	6	(109)	(110)	-	-
Additions to investment properties	5	-	(6,387)	-	-
Additional investment in subsidiaries		-	-	(10,430)	-
Advances to subsidiaries		-	-	(36,020)	(1,259)
Redemption of RPS by certain subsidiaries	B	-	-	3,000	-
<b>Net cash (used in)/from investing activities</b>		<b>(5,576)</b>	<b>(25,936)</b>	<b>(25,366)</b>	<b>8,065</b>
<b>Cash flows from financing activities</b>					
Acquisition of non-controlling interests in subsidiaries		(1,145)	(5,907)	-	-
Interest paid		(2,101)	(848)	(2,328)	(1,761)
Dividend paid to non-controlling interests		(1,122)	(2,188)	-	-
Dividend paid	28	(11,590)	(10,866)	(11,590)	(10,866)
Withdrawal of deposits with licensed banks pledged as security		-	239	-	-
Deposits with licensed banks pledged as security		-	(8)	-	-
Repayment of loans and borrowings		(6,413)	(26,090)	-	(23,500)
Drawdown of loans and borrowings		3,500	70,020	3,500	55,500
Proceeds from issuance of ordinary shares by a subsidiary to non-controlling interest		200	-	-	-
<b>Net cash (used in)/from financing activities</b>		<b>(18,671)</b>	<b>24,352</b>	<b>(10,418)</b>	<b>19,373</b>
<b>Net change in cash and cash equivalents</b>		<b>(1,082)</b>	<b>18,033</b>	<b>(31,082)</b>	<b>29,239</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>57,371</b>	<b>39,338</b>	<b>32,057</b>	<b>2,818</b>
<b>Cash and cash equivalents at the end of the financial year</b>	A	<b>56,289</b>	<b>57,371</b>	<b>975</b>	<b>32,057</b>

# Statements of Cash Flows

For The Financial Year Ended 30 June 2017 (Cont'd)



## A. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts :

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short term investment	<b>40,239</b>	34,155	-	31,400
Short term deposits with licensed banks	-	2,489	-	-
Cash and bank balances	<b>16,050</b>	20,727	<b>975</b>	657
	<b>56,289</b>	57,371	<b>975</b>	32,057

## B. Redemption of Redeemable Preference Shares ("RPS") by certain subsidiaries

During the financial year ended 30 June 2017, the subsidiaries redeemed 160,000 RPS for a total consideration of RM16,000,000, of which RM13,000,000 was settled by setting off against amounts owing to subsidiaries.

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

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017



Oriental Interest Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows :

## Principal place of business

34 & 35, Lengkok Cempaka 2  
Bandar Amanjaya  
08000 Sungai Petani  
Kedah Darul Aman

## Registered office

Suite 16-1 (Penthouse Upper)  
Menara Penang Garden  
42A Jalan Sultan Ahmad Shah  
10050 Penang

The immediate and ultimate holding company is Jupiter Sunrise Sdn Bhd, a company incorporated in Malaysia.

The consolidated financial statements of the Company for the financial year ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the financial year ended 30 June 2017 do not include other entities.

The principal activities of the Company are investment holding and provision of management services, whilst the principal activities of the subsidiaries and an associate are as stated in Note 7 and Note 8 to the financial statements.

The financial statements were authorised for issue by the Board of Directors on 20 September 2017.

## 1. Basis of preparation

### (a) Statement of compliance

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

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

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017**

- Amendments to FRS 12, *Disclosure of Interests in Other Entities* (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to FRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018**

- FRS 9, *Financial Instruments* (2014)
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards* (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to FRS 4, *Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*
- Amendments to FRS 128, *Investments in Associates and Joint Ventures* (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 140, *Investment Property – Transfers of Investment Property*

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 1. Basis of preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019**

- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021**

- FRS 17, *Insurance Contracts*

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed**

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

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations in the respective financial years when the abovementioned standards, amendments or interpretations become effective.

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

The Group and the Company are currently assessing the financial impact that may arise from the adoption of the abovementioned accounting standards, amendments and interpretations.

The Group and the Company fall within the scope of IC Interpretation 15, *Agreements for the Construction of Real Estate and MFRS 141, Agriculture*. Therefore, the Group and the Company are currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRSs") and is referred to as a "Transitioning Entity".

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs 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 estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes :

#### **(i) Property development**

The Group recognises property development revenue based on stage of completion method. The stage of completion is measured by reference to the completion of a physical proportion of work-to-date.

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. In making the judgement, the Group relies on past experience and the work of specialists.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 1. Basis of preparation (Cont'd)

### (d) Use of estimates and judgements (Cont'd)

#### (ii) *Construction contracts*

The Group recognises construction contracts revenue based on stage of completion method. The stage of completion is measured by reference to the completion of a physical proportion of work-to-date.

Significant judgement is required in determining the stage of completion, the extent of the construction contracts costs incurred, the estimated total construction contracts revenue and costs. In making the judgement, the Group relies on past experience and the work of specialists.

#### (iii) *Developed properties written down*

Developed properties are stated at lower of cost and net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less cost to completion and selling expenses.

#### (iv) *Income taxes*

The Group is subject to Malaysia income taxes. Judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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 income tax provisions in the period in which such determination is made.

#### (v) *Impairment of investments in subsidiaries*

The Company assesses whether investments in subsidiaries are impaired whenever events or changes in circumstances indicate that their carrying amount may not be recoverable, i.e. the carrying amount of the assets is more than the recoverable amount. Recoverable amount is the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from the asset discounted at an appropriate discount rate. Significant judgement is required in estimating the cash flows and the discount rate used.

## 2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

### (a) Basis of consolidation

#### (i) *Subsidiaries*

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

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

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

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 2. Significant accounting policies (Cont'd)

### (a) Basis of consolidation (Cont'd)

#### (ii) Business combinations

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 interests 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 (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either 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.

The results of all subsidiaries are consolidated using the acquisition method of accounting except for the consolidation of certain subsidiaries (as disclosed in Note 7) prior to 1 April 2002 in accordance with Malaysian Accounting Standard 2 "Accounting for Acquisitions and Mergers", the generally accepted accounting principles prevailing at that time. The Group has taken advantage of the transitional provision provided by MASB 21, FRS 3 and FRS 3 (revised) to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these standards.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been affected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as non-distributable merger reserve. Any resulting debit difference is adjusted against suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

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

The Group accounts for 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 reserves.

#### (iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former 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.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 2. Significant accounting policies (Cont'd)

### (a) Basis of consolidation (Cont'd)

#### (v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

#### (vi) 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 profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial 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.

#### (vii) 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

For The Financial Year Ended 30 June 2017 (Cont'd)



## 2. Significant accounting policies (Cont'd)

### (b) Financial instruments

#### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes 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, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

#### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows :

##### **Financial assets**

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

#### (b) 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.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 2. Significant accounting policies (Cont'd)

### (b) Financial instruments (Cont'd)

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

##### *Financial assets (Cont'd)*

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

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

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

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(k)(i)).

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

#### (iii) 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 in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 2. Significant accounting policies (Cont'd)

### (b) Financial instruments (Cont'd)

#### (iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to :

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

#### (v) 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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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 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, cancelled or expires. 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.

### (c) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 2. Significant accounting policies (Cont'd)

### (c) Property, plant and equipment (Cont'd)

#### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated and leasehold land is depreciated in equal instalments over the periods of the respective leases that range from 76 to 95 years. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The annual depreciation rates for the current and comparative periods are as follows :

Buildings	2%
Estate infrastructure	5%
Plantation equipment	10%
Furniture and fittings	10%-20%
Office equipment	10%-33%
Electrical installation	10%
Plant and machinery	10%-20%
Motor vehicles	10%-20%
Site equipment	10%-20%
Office renovations	10%
Others	10%-20%

Others comprise mainly linen, crockery and general equipment.

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 2. Significant accounting policies (Cont'd)

### (d) Investment properties

#### Investment properties carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c).

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Transfers between investment property, property, plant and equipment do not change the carrying amount and the cost of the property transferred.

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

### (e) Property development activities

#### (i) Land held for property development

Land held for property development consists of land or such portions thereof on which no 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 any accumulated impairment losses.

Land held for property 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.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 2. Significant accounting policies (Cont'd)

### (e) Property development activities (Cont'd)

#### (ii) Property development costs

Property development costs comprise costs associated with the acquisition of land including landowners' entitlement (where applicable) and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses in respect of development units sold are recognised by using the stage of completion method. The stage of completion is based on a certificate issued by an architect based on the physical completion of the work performed in proportion to the total development.

When the 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; property development costs on the development unit sold are recognised as an expense when incurred.

Irrespective whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately in profit or loss.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

Where revenue recognised in profit or loss exceeds billings to purchasers, the balance is shown as accrued billings under receivables (within current assets). Where billings to purchasers exceed revenue recognised in profit or loss, the balance is shown as progress billings under payables (within current liabilities).

Any expected loss on a development project, including costs to be incurred over the defect liability period, is recognised immediately in profit or loss.

### (f) Biological assets

Biological assets comprise new planting expenditure (incurred from land clearing to the point of harvesting) and replanting expenditure (incurred in replanting old planted areas) for oil palm cultivation. Such expenditure is capitalised and are amortised on the straight-line basis over the estimated economic useful lives of trees of 20 years, or over the period of the lease, whichever is shorter, commencing from the year of maturity of the crop.

### (g) Inventories

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

Plantation supplies are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis.

The cost of developed properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

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

### (h) Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

When the outcome of a construction contract can be reliably estimated, contract revenue and contract costs associated with the construction contract is recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 2. Significant accounting policies (Cont'd)

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

Variations in contract work, claims and incentive payments are included in contract revenue to the extent agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as amount due from customer on construction contracts.

When the outcome of the construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from customer on construction contracts (within current assets). Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customer on construction contracts (within current liabilities).

### (i) Leased assets

#### (i) Finance lease

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership are classified as finance leases. 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. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. 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.

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

#### (ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

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 lease payments.

### (j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks (including the amount maintained pursuant to the Housing Developers (Housing Development Account) (Amendment) Regulations 2002) and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.



# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 2. Significant accounting policies (Cont'd)

### (k) Impairment

#### (i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments in associates) are assessed at each reporting date 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. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

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

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

#### (ii) Other assets

The carrying amounts of other assets including investments in subsidiaries and associates (except for inventories, amount due from customers on construction contracts and deferred tax asset) 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. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit 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 cash-generating unit.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 2. Significant accounting policies (Cont'd)

### (k) Impairment (Cont'd)

#### (ii) Other assets (Cont'd)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of other assets, 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.

### (l) Share capital

Ordinary shares with discretionary dividends are classified as equity. Distributions to holders of a financial instrument classified as an equity instrument is charged directly to equity.

### (m) Employee benefits

#### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, bonuses, paid annual leave and sick leave and non-monetary benefits are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### (iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when, and only when, it is demonstrably committed to either terminate the employment of an employee or group of employees according to a detailed formal plan which is without realistic possibility of withdrawal or which provides termination benefits as a result of an offer made in order to encourage voluntary redundancy.

### (n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 2. Significant accounting policies (Cont'd)

### (o) Revenue and other income

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of sales tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### (i) Sale of property development

Revenue from property development is recognised on the percentage of completion method. The stage of completion for each project is measured by a certificate issued by an architect based on the physical completion of the work performed in proportion to the total development.

#### (ii) Sale of land and developed properties

Revenue from sale of land and developed properties are recognised upon transfer of significant risks and rewards of ownership to the purchasers.

#### (iii) Construction contracts

Revenue from construction contracts is recognised on the percentage of completion method. The stage of completion is measured by reference to contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

#### (iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### (v) Rental income

Rental income is recognised on accrual basis.

#### (vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

#### (vii) Management fees

Management fees are recognised when services are rendered.

#### (viii) Oil palm cultivation

Revenue from oil palm cultivation is recognised upon delivery of goods.

#### (ix) Marketing operations

Revenue from marketing operations is recognised upon rendering of services.

#### (x) Hotel operations

Income from hotel operations is recognised at the point at which the accommodation and related services are provided.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 2. Significant accounting policies (Cont'd)

### (p) Operating Segments

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

### (q) Contingencies

#### (i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of 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 liabilities unless the probability of outflow of economic benefits is remote.

#### (ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

### (r) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

### (s) 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 financial 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 financial 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 temporary differences 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.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 2. Significant accounting policies (Cont'd)

### (s) Income tax (Cont'd)

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 assets and liabilities 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.

### (t) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares.

### (u) Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared. Dividends proposed after reporting date but before the financial statements are authorised for issue are not recognised as a liability at reporting date.

### (v) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

**66** Oriental Interest Berhad (272144-M)

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# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 3. Property, plant and equipment - Group (Cont'd)

	Freehold land RM'000	Long-term leasehold land and oil palm plantation RM'000	Freehold oil palm plantation RM'000	Buildings RM'000	Infrastructure RM'000	Estate RM'000	Plantation equipment RM'000	Furniture and fittings, office equipment, electrical installation, and others RM'000	Motor vehicles RM'000	Site equipment RM'000	Office renovations RM'000	Capital work-in-progress RM'000	Total RM'000
<b>At 1 July 2015</b>													
Accumulated depreciation	-	1,615	-	1,266	435	95	1,798	2,165	15	159	-	7,548	-
Accumulated impairment loss	-	1,433	-	-	-	-	-	-	-	-	-	1,433	-
	-	3,048	-	1,266	435	95	1,798	2,165	15	159	-	8,981	-
<b>Depreciation for the financial year (Note 25)</b>													
Disposals	-	160	-	410	41	-	826	245	3	9	-	1,694	-
Written off	-	(86)	-	(184)	-	-	(55)	(104)	-	(62)	-	(491)	-
	-	-	-	-	(9)	(1)	(217)	-	(9)	(18)	-	(254)	-
<b>At 30 June 2016</b>													
Accumulated depreciation	-	1,689	-	1,492	467	94	2,352	2,306	9	88	-	8,497	-
Accumulated impairment loss	-	1,433	-	-	-	-	-	-	-	-	-	1,433	-
	-	3,122	-	1,492	467	94	2,352	2,306	9	88	-	9,930	-

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 68 3. Property, plant and equipment - Group (Cont'd)

	Freehold land	Long-term leasehold land and oil palm plantation	Freehold oil palm plantation	Buildings	Estate infrastructure	Plantation equipment	Furniture and fittings, office equipment, electrical installation, and others	Motor vehicles	Site equipment	Office renovations	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

### Depreciation and impairment loss

#### At 1 July 2016

Accumulated depreciation	-	1,689	-	1,492	467	94	2,352	2,306	9	88	-	8,497
Accumulated impairment loss	-	1,433	-	-	-	-	-	-	-	-	-	1,433
	-	3,122	-	1,492	467	94	2,352	2,306	9	88	-	9,930
Depreciation for the financial year (Note 25)	-	159	-	387	40	-	1,084	366	2	7	-	2,045
Disposals	-	-	-	-	-	-	(4)	(1,227)	-	-	-	(1,231)
Written off	-	-	-	-	-	(1)	(133)	(13)	-	(4)	-	(151)

#### At 30 June 2017

Accumulated depreciation	-	1,848	-	1,879	507	93	3,299	1,432	11	91	-	9,160
Accumulated impairment loss	-	1,433	-	-	-	-	-	-	-	-	-	1,433
	-	3,281	-	1,879	507	93	3,299	1,432	11	91	-	10,593

### Carrying amounts

At 1 July 2015	3,164	11,704	32,359	18,995	387	2	2,240	1,043	8	27	388	70,317
At 30 June 2016/ 1 July 2016	3,164	11,303	32,359	18,341	337	2	3,413	1,389	9	18	505	70,840
At 30 June 2017	3,164	11,144	32,359	17,954	297	2	5,192	1,410	12	26	193	71,753



# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 4. Land held for property development - Group

	Note	At cost		Development costs RM'000	Total RM'000
		Leasehold land	Freehold land		
		RM'000	RM'000		
<b>At 1 July 2015</b>		8	59,436	13,372	72,816
Incurred during the financial year	4.2	18,000	-	2,702	20,702
Transfer from/(to) property development costs	10	-	3,349	(617)	2,732
<b>At 30 June 2016/1 July 2016</b>		<b>18,008</b>	<b>62,785</b>	<b>15,457</b>	<b>96,250</b>
Incurred during the financial year	4.2	-	-	<b>4,962</b>	<b>4,962</b>
Transfer to property development costs	10	-	<b>(2,348)</b>	<b>(3,919)</b>	<b>(6,267)</b>
Disposals	21	-	<b>(39)</b>	<b>(5)</b>	<b>(44)</b>
<b>At 30 June 2017</b>		<b>18,008</b>	<b>60,398</b>	<b>16,495</b>	<b>94,901</b>

### 4.1 Security

Certain land held for property development of the Group with carrying amounts of RM52,167,895 (2016 : RM49,424,223) have been charged to secure the banking facilities granted to the Group (Note 18).

### 4.2 Additions

Included in land held for property development of the Group is interest expense of RM1,649,823 (2016 : RM2,113,632) capitalised during the financial year.

## 5. Investment properties - Group

	Note	RM'000
<b>Cost</b>		
At 1 July 2015		23,882
Additions		6,387
Transfer to property development costs	10	(224)
<b>At 30 June 2016/1 July 2016</b>		<b>30,045</b>
Additions, net of reversal		<b>(1,729)</b>
Transfer from property development costs	10	<b>228</b>
<b>At 30 June 2017</b>		<b>28,544</b>

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 5. Investment properties - Group (Cont'd)

	Note	RM'000
<b>Accumulated depreciation</b>		
At 1 July 2015		1,782
Depreciation for the financial year	25	97
At 30 June 2016/1 July 2016		<b>1,879</b>
Depreciation for the financial year	25	<b>224</b>
At 30 June 2017		<b>2,103</b>

### Carrying amounts

At 1 July 2015	22,100
At 30 June 2016/1 July 2016	28,166
At 30 June 2017	<b>26,441</b>

The carrying amounts are represented by :

	2017 RM'000	2016 RM'000
Freehold land	14,880	14,695
Leasehold land	2,500	2,500
Buildings	8,612	3,102
Capital work-in-progress	449	7,869
	<b>26,441</b>	<b>28,166</b>

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

	2017 RM'000	2016 RM'000
Rental income	689	650
Direct operating expenses :		
- income generating investment properties	176	170
- non-income generating investment properties	134	34

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 5. Investment properties - Group (Cont'd)

### 5.1 Security

Certain investment properties of the Group with carrying amounts of RM12,638,911 (2016 : RM12,638,911) have been charged to secure banking facilities granted to the Group (Note 18).

### 5.2 Fair value information

The fair value was based on Directors' estimation using the latest available market information and recent experience and knowledge in the location and category property being valued. The fair values of investment properties of the Group as at 30 June 2017 were classified as Level 3 of fair value hierarchy and determined to be approximately RM40,148,000 (2016 : RM36,968,000).

## 6. Biological assets - Group

	Note	RM'000
<b>Cost</b>		
At 1 July 2015		1,428
Additions		110
At 30 June 2016/1 July 2016		<b>1,538</b>
Additions		<b>109</b>
At 30 June 2017		<b>1,647</b>
<b>Accumulated amortisation</b>		
At 1 July 2015		399
Amortisation charge for the financial year	25	52
At 30 June 2016/1 July 2016		<b>451</b>
Amortisation charge for the financial year	25	<b>60</b>
At 30 June 2017		<b>511</b>
<b>Carrying amounts</b>		
At 1 July 2015		<b>1,029</b>
At 30 June 2016/1 July 2016		<b>1,087</b>
At 30 June 2017		<b>1,136</b>

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 7. Investments in subsidiaries - Company

	2017 RM'000	2016 RM'000
Unquoted shares, at cost		
Ordinary shares	122,936	112,506
Accumulated impairment loss	-	(1,209)
	122,936	111,297
Redeemable preference shares	57,320	73,320
Accumulated impairment loss	-	(20)
	57,320	73,300
	<b>180,256</b>	<b>184,597</b>

Details of the subsidiaries are as follows :

Name of entity	Country of incorporation	Principal activities	Effective ownership interest	
			2017 %	2016 %
OIB Properties (K) Sdn Bhd #*	Malaysia	Property development, property investment and oil palm cultivation	100	100
OIB Services Sdn Bhd ("OIBS")#	Malaysia	Management services, investment holding and property development	100	100
OIB Properties (PRV) Sdn Bhd*	Malaysia	Property development and property investment	100	100
OIB Properties (KV) Sdn Bhd #	Malaysia	Property development	100	100
OIB Resort Sdn Bhd*	Malaysia	Hotel operation and management services	100	100
OIB Construction Sdn Bhd	Malaysia	General construction	90	90
OIB Marketing Sdn Bhd	Malaysia	Marketing and sale of land and properties	80	80
Brilliant Alliance Sdn Bhd ("BA")	Malaysia	Investment holding	87	87

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 7. Investments in subsidiaries - Company (Cont'd)

Details of the subsidiaries are as follows : (Cont'd)

Name of entity	Country of incorporation	Principal activities	Effective ownership interest	
			2017 %	2016 %
Aturan Cemerlang Sdn Bhd ("AC")	Malaysia	Investment holding	<b>73</b>	73
OIB Properties (SW) Sdn Bhd ("SW")	Malaysia	Property development, property investment and oil palm cultivation	<b>52</b>	51
OIB Management Sdn Bhd*	Malaysia	Management and maintenance services for property and buildings	<b>100</b>	100
Sungei Lalang Development Sdn Bhd	Malaysia	Property development	<b>100</b>	100
OIB Properties (Meru) Sdn Bhd*	Malaysia	Dormant	<b>100</b>	100
Myra Gardens Sdn Bhd	Malaysia	Property development	<b>80</b>	-
Cahajaya Timber Industries Sdn Bhd ("CTI") (In member's voluntary winding up)	Malaysia	Manufacture of kiln dried rubberwood, sawn timber, solid doors and moulded wood products (see Note 14).	<b>100</b>	100
<i><u>Subsidiaries of OIBS</u></i>				
OIB Properties (CV) Sdn Bhd	Malaysia	Property development, property investment and oil palm cultivation	<b>100</b>	100
Maxilux Properties Sdn Bhd	Malaysia	Property development	<b>100</b>	100
OIB Properties (C) Sdn Bhd	Malaysia	Property development and property investment	<b>100</b>	100
<i><u>Subsidiary of BA</u></i>				
Yiked Alliance Sdn Bhd	Malaysia	Property development and property investment	<b>87</b>	87

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 7. Investments in subsidiaries - Company (Cont'd)

Details of the subsidiaries are as follows : (Cont'd)

Name of entity	Country of incorporation	Principal activities	Effective ownership interest	
			2017 %	2016 %

### Subsidiaries of AC

Yiked Brilliant Sdn Bhd	Malaysia	Property development	<b>73</b>	73
Central Kedah Brick Kiln Sdn Berhad ("CKBK") (In member's voluntary winding up)	Malaysia	Property development (see Note 14).	<b>73</b>	73

# These subsidiaries are consolidated using the merger method of accounting.

\* The Company has provided financial support to these subsidiaries.

### **Non-controlling interests in a subsidiary**

As at 30 June 2017, the total non-controlling interests ("NCI") are RM70,024,000 (2016 : RM61,242,000) of which RM52,630,000 (2016 : RM46,597,000) are attributed to OIB Properties (SW) Sdn Bhd. The other non-controlling interests are individually immaterial to the Group.

Set out below are the summarised financial information for a subsidiary that has non-controlling interests that is material to the Group. The financial information below is based on amounts before inter-company eliminations.

	2017 RM'000	2016 RM'000
NCI percentage of ownership interest and voting interest - SW*	<b>48</b>	49
Carrying amount of NCI	<b>52,630</b>	46,597
Profit allocated to NCI	<b>10,663</b>	7,684

### **Summarised financial information before intra-group elimination :**

Non-current assets	<b>26,859</b>	26,680
Current assets	<b>74,323</b>	53,988
Non-current liabilities	<b>(271)</b>	(254)
Current liabilities	<b>(10,875)</b>	(10,166)
Net assets	<b>90,036</b>	70,248

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 7. Investments in subsidiaries - Company (Cont'd)

### Non-controlling interests in a subsidiary (Cont'd)

	2017	2016
	RM'000	RM'000

#### Financial year ended 30 June

Revenue	60,996	54,256
Profit for the financial year and total comprehensive income	22,088	15,746

\* The proportion of the voting rights in the subsidiaries which are held by the non-controlling interests does not differ from the proportion of ordinary shares held.

	2017	2016
	RM'000	RM'000

Cash flows from operating activities	44,255	72
Cash flows (used in)/from investing activities	(17,390)	1,111
Cash flows used in financing activities	(2,300)	(2,300)
Net increase/(decrease) in cash and cash equivalents	24,565	(1,117)
Dividend paid to NCI	(1,122)	(1,122)

## 8. Investment in an associate - Group

	2017	2016
	RM'000	RM'000

Unquoted shares, at cost	5,169	5,169
Share of post-acquisition profits	72	47
	5,241	5,216

Details of the associate are as follows :

Name of entity	Country of incorporation	Principal activity	Financial year end	Effective ownership interest	
				2017	2016
				%	%

*Held by OIB Properties (SW) Sdn Bhd :*

Prestasi Raya Sdn Bhd	Malaysia	Property development	30 June	23	23
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# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 8. Investment in an associate - Group (Cont'd)

The following table summarises the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	2017 RM'000	2016 RM'000
<b>Summarised financial information</b>		
<b>As at 30 June</b>		
Non-current assets	1,684	1,678
Current assets	10,523	10,415
Current liabilities	(20)	(15)
Net assets	<u>12,187</u>	<u>12,078</u>
<b>Financial year ended 30 June</b>		
Profit for the financial year representing total comprehensive income	<u>109</u>	<u>104</u>
<b>Included in the total comprehensive income is :</b>		
Rental income	<u>108</u>	<u>108</u>
<b>Reconciliation of net assets to carrying amount as at 30 June</b>		
Group's share of net assets	5,442	5,417
Negative goodwill	(201)	(201)
Carrying amount in the statement of financial position	<u>5,241</u>	<u>5,216</u>
<b>Group's share of results for the financial year ended 30 June</b>		
Group's share of total comprehensive income	<u>25</u>	<u>24</u>



# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 9. Deferred tax assets/(liabilities) - Group

### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following :

	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Unrealised profits and interest	5,388	4,647	-	-	5,388	4,647
Tax losses	51	18	-	-	51	18
Provisions	-	303	-	-	-	303
Property development costs	45	-	(21)	(21)	24	(21)
Property, plant and equipment						
- capital allowances	-	-	(540)	(557)	(540)	(557)
Net tax assets/(liabilities)	5,484	4,968	(561)	(578)	4,923	4,390

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

Movements in temporary differences during the financial year are as follows :

	At 1 July 2015	Recognised in profit or loss (Note 26)	At 30 June 2016 / 1 July 2016	Recognised in profit or loss (Note 26)	At 30 June 2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Unrealised profits and interest	3,253	1,394	4,647	741	5,388
Tax losses	165	(147)	18	33	51
Provisions	389	(86)	303	(303)	-
Property development costs	(21)	-	(21)	45	24
Property, plant and equipment					
- capital allowances	(461)	(96)	(557)	17	(540)
- revaluation	(50)	50	-	-	-
	3,275	1,115	4,390	533	4,923

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 9. Deferred tax assets/(liabilities) - Group (Cont'd)

### Unrecognised deferred tax assets - Group

No deferred tax assets have been recognised for the following items (stated at gross) :

	2017 RM'000	2016 RM'000
Temporary differences	4,067	3,404
Property, plant and equipment - capital allowances	(6,027)	(5,114)
Tax losses carry-forwards	(244)	(257)
	<b>(2,204)</b>	<b>(1,967)</b>

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group entities can utilise the benefits therefrom.

## 10. Property development costs - Group

		← At cost →			
	Note	Leasehold land	Freehold land	Development costs	Total
		RM'000	RM'000	RM'000	RM'000
<b>Cumulative property development costs</b>					
<b>At 1 July 2015</b>		700	18,019	152,384	171,103
Incurred during the financial year		-	-	127,385	127,385
Transfer (to)/from land held for property development	4	-	(3,349)	617	(2,732)
Transfer from investment properties	5	-	-	224	224
Transfer to developed properties		(31)	(3)	(2,261)	(2,295)
Cost eliminated due to completed projects		(669)	(451)	(90,458)	(91,578)
<b>At 30 June 2016/1 July 2016</b>		-	<b>14,216</b>	<b>187,891</b>	<b>202,107</b>
Incurred during the financial year		-	-	<b>125,328</b>	<b>125,328</b>
Transfer from land held for property development	4	-	<b>2,348</b>	<b>3,919</b>	<b>6,267</b>
Transfer to investment properties	5	-	-	<b>(228)</b>	<b>(228)</b>
Transfer to developed properties		-	<b>(283)</b>	<b>(32,915)</b>	<b>(33,198)</b>
Cost eliminated due to completed projects		-	<b>(2,378)</b>	<b>(165,130)</b>	<b>(167,508)</b>
<b>At 30 June 2017</b>		-	<b>13,903</b>	<b>118,865</b>	<b>132,768</b>

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 10. Property development costs - Group

	Note	At cost		Development costs	Total
		Leasehold land	Freehold land		
		RM'000	RM'000	RM'000	RM'000
<b>Cumulative cost recognised in the statement of profit or loss and other comprehensive income</b>					
<b>At 1 July 2015</b>		(560)	(4,190)	(63,509)	(68,259)
Recognised during the financial year	21	(109)	(1,576)	(94,486)	(96,171)
Cost eliminated due to completed projects		669	451	90,458	91,578
<b>At 30 June 2016/1 July 2016</b>		-	(5,315)	(67,537)	(72,852)
Recognised during the financial year	21	-	(2,419)	(112,560)	(114,979)
Cost eliminated due to completed projects		-	2,378	165,130	167,508
<b>At 30 June 2017</b>		-	(5,356)	(14,967)	(20,323)
Property development costs as at 30 June 2016		-	8,901	120,354	129,255
Property development costs as at 30 June 2017		-	8,547	103,898	112,445

Included in property development costs, are cost of landowners' entitlement amounting to RM6,649,851 (2016 : RM11,091,928) arising from agreements entered into between the subsidiaries and certain landowners to develop properties on land belonging to the landowners.

The following expenditure incurred during the financial year has been capitalised to property development costs :

	2017	2016
	RM'000	RM'000
Hire of equipment	2,530	2,030

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 11. Inventories - Group

	2017 RM'000	2016 RM'000
At cost :		
- Developed properties	26,357	6,257
- Plantation supplies	9	66
	<u>26,366</u>	<u>6,323</u>
At net realisable value :		
- Developed properties	172	172
	<u>26,538</u>	<u>6,495</u>

## 12. Amount due from customer on construction contracts - Group

	2017 RM'000	2016 RM'000
Aggregate costs incurred to-date	116,711	120,545
Attributable profits	16,029	17,115
	<u>132,740</u>	<u>137,660</u>
Less : Progress billings	(122,927)	(131,210)
	<u>9,813</u>	<u>6,450</u>

## 13. Trade and other receivables

	Note	Group 2017 RM'000	2016 RM'000	Company 2017 RM'000	2016 RM'000
<b>Trade</b>					
Third parties		46,037	44,149	-	-
Accrued billings		43,284	10,485	-	-
Amounts due from related parties	13.1	219	11,072	-	-
		<u>89,540</u>	<u>65,706</u>	<u>-</u>	<u>-</u>
Less : Allowance for impairment		(36)	(36)	-	-
		<u>89,504</u>	<u>65,670</u>	<u>-</u>	<u>-</u>

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 13. Trade and other receivables (Cont'd)

		Group		Company	
	Note	2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Non-trade					
Advances to landowners	13.2	31,611	29,046	-	-
Amount due from subsidiaries	13.3	-	-	113,867	65,616
Other receivables		4,650	4,607	-	1,000
Deposits	13.4	16,173	3,312	23	23
		52,434	36,965	113,890	66,639
		141,938	102,635	113,890	66,639

Trade and other receivables are denominated in Ringgit Malaysia.

### 13.1 Amounts due from related parties - Group

The trade amounts due from related parties are subject to normal trade terms.

### 13.2 Advances to landowners - Group

Advances to landowners arise when payments are made to the landowners before their entitlement crystallises in relation to the agreement entered into between the Group and the landowners to develop properties on land belonging to the landowners. The agreements state that the Group will bear all the property development cost incurred and in return the Group will be entitled to the profits from the sales of properties developed, but subject to a certain portion of the sales proceeds accruing to the landowners as their entitlement in accordance with the agreement entered into between the Group and the landowners. Advances to landowners are transferred to property development costs when development activities have commenced.

### 13.3 Amount due from subsidiaries - Company

The non-trade amounts due from subsidiaries of the Company are unsecured, carry interest at 6% (2016 : 6%) per annum and repayable on demand.

### 13.4 Deposits - Group

Included in deposits are deposits paid for acquisition of land during the financial year amounting to RM11,834,148 (2016 : Nil). Details of the transactions are disclosed in Note 35 to the financial statements.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 14. Available-for-sale financial assets

The available-for-sale financial assets are as below :

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
At 1 July 2016/2015	<b>493</b>	906	<b>178</b>	278
Less : Impairment loss (Note 25)	<b>(178)</b>	(13)	<b>(178)</b>	-
	<b>315</b>	893	-	278
Distributions received from liquidators	<b>(220)</b>	(400)	-	(100)
At 30 June	<b>95</b>	493	-	178

The fair value of available-for-sale financial assets is determined by Directors based on the inputs from liquidators being the best estimates on the realisable value of the assets and liabilities of CTI and CKBK. The available-for-sale financial assets are classified in current assets as the liquidation process is expected to be completed within twelve months after the end of the reporting period.

## 15. Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Short term investment	<b>40,239</b>	34,155	-	31,400
Short term deposits with licensed banks	-	2,489	-	-
Cash and bank balances	<b>5,909</b>	14,165	<b>975</b>	657
Cash and bank balances held under Housing Development Accounts pursuant to the Housing Developers (Housing Development Account) (Amendment) Regulations 2002	<b>10,141</b>	6,562	-	-
	<b>56,289</b>	57,371	<b>975</b>	32,057

Cash and cash equivalents are denominated in Ringgit Malaysia.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 16. Share capital - Group/Company

	2017		2016	
	Amount	Number of shares	Amount	Number of shares
	RM'000	'000	RM'000	'000
<b>Ordinary shares issued and fully paid :</b>				
At 1 July 2016/2015	<b>144,872</b>	<b>144,872</b>	90,545	90,545
Issuance of ordinary shares pursuant to bonus issue	-	-	54,327	54,327
At 30 June	<b>144,872</b>	<b>144,872</b>	144,872	144,872

### Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.

## 17. Reserves

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<b>Non-distributable</b>				
Fair value reserve	-	27	-	27
Revaluation reserve	<b>8,886</b>	9,385	-	-
	<b>8,886</b>	9,412	-	27
<b>Distributable</b>				
Retained earnings	<b>187,429</b>	159,842	<b>81,782</b>	73,140
	<b>196,315</b>	169,254	<b>81,782</b>	73,167

### Revaluation reserve

The revaluation reserve relates to fair value adjustment to previously held equity interest in piecemeal acquisition of a subsidiary, previously an associate of the Company.

### Retained earnings - Company

Under the single-tier tax system which came into effect from the Year of Assessment 2008, companies are not required to have tax credits, under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of the shareholders.

The Company may distribute its retained earnings as at 30 June 2017 as dividend under single-tier system.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 18. Loans and borrowings

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current</b>				
Term loans - secured	23,924	30,337	-	-
<b>Current</b>				
Term loans - secured	6,413	6,413	-	-
Revolving credit	50,000	46,500	50,000	46,500
	56,413	52,913	50,000	46,500
	<b>80,337</b>	<b>83,250</b>	<b>50,000</b>	<b>46,500</b>

Loans and borrowings are denominated in Ringgit Malaysia.

### Security

The term loans of the Group are secured by certain freehold land as disclosed in Note 4 and Note 5 to the financial statements.

## 19. Trade and other payables

		Group		Company	
	Note	2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Trade					
Third parties	19.1	47,109	40,931	-	-
Progress billings		1,498	1,081	-	-
Amounts due to related parties	19.2	7,333	2,109	-	-
Deposit received		57	31	-	-
		55,997	44,152	-	-
Non-trade					
Amounts due to subsidiaries	19.3	-	-	17,780	18,549
Other payables		1,835	1,885	83	13
Deposit received		456	219	-	-
Accrued expenses		1,004	1,579	440	331
		3,295	3,683	18,303	18,893
		59,292	47,835	18,303	18,893

Trade and other payables are denominated in Ringgit Malaysia.



# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 19. Trade and other payables (Cont'd)

### 19.1 Third parties - Group

Included in trade third parties are landowners' entitlement in respect of development projects as described in Note 10 to the financial statements amounting to RM13,616,547 (2016 : RM6,805,329). Payments are made to the landowners based on the collections received from the respective housing projects on a yearly basis. Also included in trade third parties are subcontractors' retention sums amounting to RM12,443,917 (2016 : RM10,795,638).

### 19.2 Amounts due to related parties - Group

The trade amounts due to related parties are subject to normal trade terms.

### 19.3 Amounts due to subsidiaries - Company

The non-trade amounts due to subsidiaries of the Company are unsecured, bear interest at 4% (2016 : 4%) per annum and payable on demand.

## 20. Revenue

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Property development revenue based on stage of completion	194,043	170,027	-	-
Construction contracts	26,867	51,307	-	-
Sales of developed properties	20,907	6,855	-	-
Sales of vacant land	283	54	-	-
Sales of fresh fruit bunches of oil palm	1,751	1,311	-	-
Income from hotel operations	2,911	1,909	-	-
Income from marketing operations	884	1,368	-	-
Dividend income from subsidiaries	-	-	17,501	8,612
Management fees	288	288	168	99
Interest income from subsidiaries	-	-	4,502	3,293
	<b>247,934</b>	<b>233,119</b>	<b>22,171</b>	<b>12,004</b>

## 21. Cost of sales

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Property development expenses	114,979	96,171	-	-
Constructions contract	23,370	44,615	-	-
Cost of developed properties sold	13,088	4,386	-	-
Cost of vacant land sold	44	-	-	-
Cost of oil palm fresh fruit brunches sold	1,257	984	-	-
Hotel operations and related services	2,129	1,864	-	-
Marketing expenses	39	147	-	-
Management expenses	192	223	-	-
	<b>155,098</b>	<b>148,390</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 22. Finance costs

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revolving credit	2,101	848	2,101	848
Term loans	1,650	2,114	-	-
Amount due to subsidiaries	-	-	227	913
	<b>3,751</b>	<b>2,962</b>	<b>2,328</b>	<b>1,761</b>
Less : Capitalised under land held for property development (Note 4.2)	(1,650)	(2,114)	-	-
Recognised in profit or loss	<b>2,101</b>	<b>848</b>	<b>2,328</b>	<b>1,761</b>

## 23. Staff costs - Group

	2017	2016
	RM'000	RM'000
Wages, salaries and bonuses	13,292	10,021
Contributions to defined contribution retirement plan	1,608	1,216
Other employee benefits	305	405
	<b>15,205</b>	<b>11,642</b>

## 24. Key management personnel compensations

The aggregate amount of remunerations receivable by Directors and other members of key management during the financial year are as follows :

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Non-executive Directors of the Company :				
- Fees receivable	135	135	135	135
- Allowances	32	26	32	26
	<b>167</b>	<b>161</b>	<b>167</b>	<b>161</b>

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 24. Key management personnel compensations (Cont'd)

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Executive Directors of the Company :				
- Fees receivable	153	120	153	120
- Salaries and bonuses	3,224	2,004	-	-
- Contributions to defined contribution retirement plan	386	241	-	-
- Allowances	16	13	16	13
- Estimated monetary value of benefits otherwise than in cash	18	18	-	-
	<b>3,797</b>	<b>2,396</b>	<b>169</b>	<b>133</b>
Executive Directors of a subsidiary :				
- Salaries and bonuses	694	1,060	-	-
- Contributions to defined contribution retirement plan	83	127	-	-
- Estimated monetary value of benefits otherwise than in cash	40	40	-	-
	<b>817</b>	<b>1,227</b>	<b>-</b>	<b>-</b>
Key management :				
- Salaries and bonuses	719	661	-	-
- Contributions to defined contribution retirement plan	87	79	-	-
- Estimated monetary value of benefits otherwise than in cash	3	3	-	-
	<b>809</b>	<b>743</b>	<b>-</b>	<b>-</b>
	<b>5,590</b>	<b>4,527</b>	<b>336</b>	<b>294</b>

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 25. Profit before tax

Profit before tax is arrived at after charging :

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Amortisation of biological assets (Note 6)	60	52	-	-
Auditors' remuneration :				
- statutory audit				
- KPMG PLT				
- current year	249	234	37	37
- other services				
- KPMG PLT				
- current year	25	3	4	3
- prior years	36	-	-	-
- Affiliates of KPMG PLT	101	107	6	6
Directors' emoluments :				
Directors of the Company :				
- fees	288	255	288	255
- others	3,658	2,284	48	39
Directors of the subsidiaries				
- others	777	1,187	-	-
Depreciation of :				
- property, plant and equipment (Note 3)	2,045	1,694	-	-
- investment properties (Note 5)	224	97	-	-
Impairment loss on available-for-sale financial assets (Note 14)	178	13	178	-
Property, plant and equipment written off	1	31	-	-
Rental expense of land and buildings	373	333	-	-
and after crediting :				
Rental income from properties	780	754	-	-
Interest income from :				
- subsidiaries	-	-	4,502	3,293
- others	2,034	1,051	583	612
Gain on disposal of property, plant and equipment	156	2,060	-	-
Reclassification of fair value reserve upon disposal of available-for-sale financial assets	27	15	27	15
Reversal of impairment loss on investment in subsidiaries	-	-	1,229	248

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 26. Taxation

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<b>Current tax expense</b>				
- current year	16,087	16,863	485	357
- prior year	69	262	22	12
	16,156	17,125	507	369
<b>Deferred tax expense</b>				
- current year	(756)	(1,104)	-	-
- prior year	223	(11)	-	-
	(533)	(1,115)	-	-
	15,623	16,010	507	369

Reconciliation of effective tax expense :

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	49,527	51,646	20,232	10,596
Total tax expense	15,623	16,010	507	369
Profit excluding tax	65,150	67,656	20,739	10,965

### Recognised in profit or loss

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Tax at Malaysian tax rate of 24%	15,636	16,237	4,977	2,632
Tax effects of :				
Non-deductible expenses	324	238	183	120
Income not subject to tax	(632)	(490)	(4,615)	(2,346)
Deferred tax assets not recognised	58	190	-	-
Difference in lower tax rate on real property gains tax	-	(388)	-	-
Others	(55)	(28)	(60)	(49)
	15,331	15,759	485	357
Under provided in prior years	292	251	22	12
	15,623	16,010	507	369

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 27. Earnings per ordinary share - Group

The calculation of basic earnings per ordinary share at 30 June 2017 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows :

	<b>2017</b>	<b>Group</b>
	<b>RM'000</b>	<b>2016</b>
		<b>RM'000</b>
Profit for the year attributable to owners	<u><b>38,506</b></u>	<u>40,153</u>

	<b>2017</b>	<b>2016</b>
	<b>'000</b>	<b>'000</b>

### **Basic earnings per ordinary share**

Number of ordinary shares issued

At 1 July 2016/2015	<b>144,872</b>	90,545
Effect of bonus issue	-	54,327

Weighted average number of ordinary shares at 30 June	<u><b>144,872</b></u>	<u>144,872</u>
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	<b>2017</b>	<b>2016</b>
	<b>Sen</b>	<b>Sen</b>

Basic earnings per ordinary share	<u><b>26.58</b></u>	<u>27.72</u>
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### **Diluted earnings per ordinary share**

The diluted earnings per ordinary share for the financial year as at 30 June 2017 and 30 June 2016 is the same as the basic earnings per ordinary share as there are no potential dilutive ordinary shares.

## 28. Dividends

	<b>Sen per share</b>	<b>Total amount</b>	<b>Date of payment</b>
		<b>RM'000</b>	

Paid :

### **2017**

2016 Interim single-tier dividend	8	<u>11,590</u>	22 August 2016
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### **2016**

2015 Interim single-tier dividend	12	<u>10,866</u>	10 August 2015
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Subsequent to the year end, the Directors declared an interim single-tier dividend of 7 sen per ordinary share, totalling RM10,141,040 in respect of the financial year ended 30 June 2017 on 7 August 2017 and paid on 30 August 2017. The financial statements do not reflect this dividend declared after 30 June 2017, which will be accounted for as appropriation of retained earnings in the financial year ending 30 June 2018.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 29. Segmental information

### (i) Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (as the chief operating decision maker ("CODM")) reviews internal management reports at least on a quarterly basis. The Group has the following reportable segments :

- Property development
- Construction
- Investment holding
- Oil palm cultivation

Other operations of the Group comprise hotel operation.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

### Segment assets

The total of segment asset is measured based on all assets of a segment. Total segment asset is used to measure the return on assets of each segment.

### Segment liabilities

Segment liabilities are measured based on all liabilities of a segment.

### Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, biological assets, land held for property development and investment properties.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 29. Segmental information (Cont'd)

### (i) Operating segments (Cont'd)

	Property development RM'000	Construction RM'000	Investment holding RM'000	Oil palm cultivation RM'000	Others RM'000	Group RM'000
<b>2017</b>						
<b>Revenue</b>						
Total revenue	216,117	133,406	22,171	1,751	3,199	376,644
Inter-segment revenue	-	(106,539)	(22,171)	-	-	(128,710)
Revenue from external customers	216,117	26,867	-	1,751	3,199	247,934
<b>Segment profit/(loss)</b>						
Reportable segment profit/(loss)	63,167	1,398	203	494	(137)	65,125
Share of results of an associate	-	-	25	-	-	25
Profit before tax						65,150
<b>Net assets</b>						
Total segment assets	492,803	82,045	304,798	44,443	24,944	949,033
Inter-segment assets	(42,504)	(56,816)	(298,815)	-	(1,876)	(400,011)
Associate	-	-	5,241	-	-	5,241
Total assets per statement of financial position						554,263
<b>Net liabilities</b>						
Total segment liabilities	192,809	44,575	68,673	-	3,352	309,409
Inter-segment liabilities	(138,204)	(7,233)	(17,792)	-	(3,128)	(166,357)
Total liabilities per statement of financial position						143,052
<b>Other information</b>						
Capital expenditure	5,974	397	-	109	1,804	8,284
Interest income	1,243	-	791	-	-	2,034
Interest expense	1,569	532	-	-	-	2,101
Taxation	14,635	337	532	119	-	15,623
Reclassification of fair value reserve upon disposal of available-for-sale financial assets	-	-	27	-	-	27
Impairment of available-for-sale financial assets	-	-	178	-	-	178
Depreciation and amortisation	1,084	143	-	60	1,042	2,329

Capital expenditure comprises additions to property, plant and equipment, biological assets, land held for property development and investment properties.



# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 29. Segmental information (Cont'd)

### (i) Operating segments (Cont'd)

	Property development RM'000	Construction RM'000	Investment holding RM'000	Oil palm cultivation RM'000	Others RM'000	Group RM'000
<b>2016</b>						
<b>Revenue</b>						
Total revenue	178,304	177,911	18,243	1,311	2,197	377,966
Inter-segment revenue	-	(126,604)	(18,243)	-	-	(144,847)
Revenue from external customers	178,304	51,307	-	1,311	2,197	233,119
<b>Segment profit/(loss)</b>						
Reportable segment profit/(loss)	63,060	4,160	822	327	(737)	67,632
Share of results of an associate	-	-	24	-	-	24
Profit before tax						67,656
<b>Net assets</b>						
Total segment assets	399,611	85,262	292,767	44,517	24,059	846,216
Inter-segment assets	(32,603)	(48,523)	(258,297)	-	(2,019)	(341,442)
Associate	-	-	5,216	-	-	5,216
Total assets per statement of financial position						509,990
<b>Net liabilities</b>						
Total segment liabilities	141,843	54,414	65,452	-	2,141	263,850
Inter-segment liabilities	(90,526)	(18,117)	(18,561)	-	(2,024)	(129,228)
Total liabilities per statement of financial position						134,622
<b>Other information</b>						
Capital expenditure	27,376	426	-	110	2,020	29,932
Interest income	432	-	619	-	-	1,051
Interest expense	301	547	-	-	-	848
Taxation	14,436	1,067	428	78	1	16,010
Reclassification of fair value reserve upon disposal of available-for-sale financial assets	-	-	15	-	-	15
Impairment of available-for-sale financial assets	-	-	13	-	-	13
Depreciation and amortisation	814	105	-	52	872	1,843

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 29. Segmental information (Cont'd)

### (ii) Geographical segments

Segmental reporting by geographical area is not presented as the Group's activities are entirely carried out in Malaysia.

## 30. Financial instruments

### 30.1 Categories of financial instruments

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

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

	Carrying amount RM'000	L&R RM'000	AFS RM'000
<b>Financial assets</b>			
<b>2017</b>			
<b>Group</b>			
Trade and other receivables (excluding accrued billings)	98,654	98,654	-
Available-for-sale financial assets	95	-	95
Cash and cash equivalents	56,289	56,289	-
	<b>155,038</b>	<b>154,943</b>	<b>95</b>
<b>Company</b>			
Trade and other receivables	113,890	113,890	-
Cash and cash equivalents	975	975	-
	<b>114,865</b>	<b>114,865</b>	<b>-</b>
<b>2016</b>			
<b>Group</b>			
Trade and other receivables (excluding accrued billings)	92,150	92,150	-
Available-for-sale financial assets	493	-	493
Cash and cash equivalents	57,371	57,371	-
	<b>150,014</b>	<b>149,521</b>	<b>493</b>

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 30. Financial instruments (Cont'd)

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

	Carrying amount RM'000	L&R RM'000	AFS RM'000
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#### Financial assets

##### 2016

##### Company

Trade and other receivables	66,639	66,639	-
Available-for-sale financial assets	178	-	178
Cash and cash equivalents	32,057	32,057	-
	<u>98,874</u>	<u>98,696</u>	<u>178</u>

	Carrying amount RM'000	FL RM'000
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#### Financial liabilities

##### 2017

##### Group

Loans and borrowings	80,337	80,337
Trade and other payables (excluding progress billings)	57,794	57,794
	<u>138,131</u>	<u>138,131</u>

##### Company

Loans and borrowings	50,000	50,000
Trade and other payables	18,303	18,303
	<u>68,303</u>	<u>68,303</u>

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 30. Financial instruments (Cont'd)

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

	Carrying amount RM'000	FL RM'000
<b>Financial liabilities</b>		
<b>2016</b>		
<b>Group</b>		
Loans and borrowings	83,250	83,250
Trade and other payables (excluding progress billings)	46,754	46,754
	<u>130,004</u>	<u>130,004</u>
<b>Company</b>		
Loans and borrowings	46,500	46,500
Trade and other payables	18,893	18,893
	<u>65,393</u>	<u>65,393</u>

### 30.2 Net gains and losses arising from financial instruments :

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net gains/(losses) arising on :				
- Loans and receivables	<b>2,034</b>	1,051	<b>5,085</b>	3,905
- Available-for-sale financial assets	<b>(151)</b>	2	<b>(151)</b>	15
- Financial liabilities measured at amortised cost	<b>(2,101)</b>	(848)	<b>(2,328)</b>	(1,761)

### 30.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments :

- Credit risk
- Liquidity risk
- Interest rate risk

### 30.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 30. Financial instruments (Cont'd)

### 30.4 Credit risk (Cont'd)

#### Receivables

*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally, credit evaluations are performed on cash purchases.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

*Impairment losses*

The Group maintains an ageing analysis in respect of trade receivables (excluded accrued billings) only. The ageing of receivables as at the end of the reporting period was :

	Gross RM'000	Individual impairment RM'000	Net RM'000
<b>2017</b>			
Not past due	21,596	-	21,596
Past due less than 30 days	7,758	-	7,758
Past due 31 - 90 days	8,723	-	8,723
Past due more than 90 days	8,179	(36)	8,143
	<b>46,256</b>	<b>(36)</b>	<b>46,220</b>

#### 2016

Not past due	24,242	-	24,242
Past due less than 30 days	13,571	-	13,571
Past due 31 - 90 days	7,999	-	7,999
Past due more than 90 days	9,409	(36)	9,373
	<b>55,221</b>	<b>(36)</b>	<b>55,185</b>

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 30. Financial instruments (Cont'd)

### 30.4 Credit risk (Cont'd)

#### Intercompany balances

*Risk management objectives, policies and processes for managing the risk*

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

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

*Impairment losses*

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

#### Cash and cash equivalents

*Risk management objectives, policies and processes for managing the risk*

The Group's and Company's short term deposits and short term investment are placed as fixed rates or variable rates investments and upon which management endeavors to obtain the best rate available in the market.

Cash and cash equivalents are placed with reputable financial institutions.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

*Impairment losses*

As at the end of the reporting period, there was no indication that cash and cash equivalents were not recoverable.

#### Financial guarantees

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM30,337,000 (2016 : RM36,750,000) representing the outstanding banking facilities to subsidiaries as at the end of the reporting period.

*Impairment losses*

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

### 30.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 30. Financial instruments (Cont'd)

### 30.5 Liquidity risk (Cont'd)

#### Maturity analysis

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 undiscounted contractual payments :

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2017</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Secured bank loans	30,337	4.51 - 6.66	42,329	8,048	9,633	19,853	4,795
Revolving credit	50,000	4.25 - 4.45	50,000	50,000	-	-	-
Trade and other payables (excluding progress billings)*	57,794	-	57,794	51,574	2,450	3,770	-
	<b>138,131</b>		<b>150,123</b>	<b>109,622</b>	<b>12,083</b>	<b>23,623</b>	<b>4,795</b>
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Revolving credit	50,000	4.25 - 4.45	50,000	50,000	-	-	-
Trade and other payables	523	-	523	523	-	-	-
Amount owing to subsidiaries	17,780	4.00	17,780	17,780	-	-	-
Financial guarantees	-	-	30,337	30,337	-	-	-
	<b>68,303</b>		<b>98,640</b>	<b>98,640</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Included in trade and other payables are subcontractors' retention sums which are expected to be settled within the Group's normal operating cycle of 2 to 4 years.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 30. Financial instruments (Cont'd)

### 30.5 Liquidity risk (Cont'd)

#### Maturity analysis (Cont'd)

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

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2016</b>							
<b>Group</b>							
Non-derivative financial liabilities							
Secured bank loans	36,750	4.82 - 5.06	42,539	8,098	7,773	20,146	6,522
Revolving credit	46,500	4.45 - 4.50	46,500	46,500	-	-	-
Trade and other payables (excluding progress billings)*	46,754	-	46,754	40,895	889	4,970	-
	<u>130,004</u>		<u>135,793</u>	<u>95,493</u>	<u>8,662</u>	<u>25,116</u>	<u>6,522</u>
<b>Company</b>							
Non-derivative financial liabilities							
Revolving credit	46,500	4.45 - 4.50	46,500	46,500	-	-	-
Trade and other payables	344	-	344	344	-	-	-
Amount owing to subsidiaries	18,549	4.00	18,549	18,549	-	-	-
Financial guarantees	-	-	36,750	36,750	-	-	-
	<u>65,393</u>		<u>102,143</u>	<u>102,143</u>	<u>-</u>	<u>-</u>	<u>-</u>

\* Included in trade and other payables are subcontractors' retention sums which are expected to be settled within the Group's normal operating cycle of 2 to 4 years.



# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 30. Financial instruments (Cont'd)

### 30.6 Interest rate risk

The Group's exposure to the risk of changes in interest rates mainly arises from floating rate term loans and deposits with banks and financial institutions.

The Group controls and monitors closely its cash flows to ensure that the interest rates are always maintained at favourable rates.

*Exposure to interest rate risk*

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000

#### **Fixed rate instrument**

##### **Financial assets**

- Short term deposits with licensed banks	-	2,489	-	-
- Amount due from subsidiaries	-	-	<b>113,867</b>	65,616

##### **Financial liabilities**

- Amount due to subsidiaries	-	-	<b>17,780</b>	18,549
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#### **Floating rate instrument**

##### **Financial assets**

- Short term investment	<b>40,239</b>	34,155	-	31,400
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##### **Financial liabilities**

- Term loans	<b>30,337</b>	36,750	-	-
- Revolving credit	<b>50,000</b>	46,500	<b>50,000</b>	46,500

*Interest rate risk sensitivity analysis*

*Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and 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 hedged 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/(decrease) of 50 basis points (bp) in interest rates at the end of the reporting period would have (decreased)/increased equity and post-tax profit or loss of the Group and of the Company by RM104,086 and RM190,000, respectively (2016 : RM145,575 and RM19,700). This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

### 30.7 Fair value information

The carrying amounts of cash and cash equivalents, receivables, payables and revolving credit approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of floating rate borrowings approximate the fair value as their effective interest rate changes accordingly to movements in the market interest rates.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 30. Financial instruments (Cont'd)

### 30.7 Fair value information (Cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position :

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>2017</b>										
<b>Financial asset</b>										
Available-for-sale financial assets	-	95	-	95	-	-	-	-	95	95
<b>Financial liability</b>										
Term loans -secured	-	-	-	-	-	-	30,337	30,337	30,337	30,337
<b>2016</b>										
<b>Financial asset</b>										
Available-for-sale financial assets	-	493	-	493	-	-	-	-	493	493
<b>Financial liability</b>										
Term loans -secured	-	-	-	-	-	-	36,750	36,750	36,750	36,750

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 30. Financial instruments (Cont'd)

### 30.7 Fair value information (Cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position : (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>Company</b>										
<b>2016</b>										
<b>Financial asset</b>										
Available-for-sale financial assets	-	178	-	178	-	-	-	-	178	178

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 31. Capital management

The Group's objectives when managing capital is to ensure that an optimal capital structure is maintained to sustain future development of business and to provide fair returns for shareholders and benefits for other stakeholders.

In order to maintain an optimal capital structure, the Group may, from time to time adjust the dividend payout to owners of the Company, return capital to owners of the Company, issue new shares, redeem debts or sell assets to reduce debts, where necessary. The Group's approach on managing capital is based on directives which have been approved by the Board of Directors.

## 32. Commitments

	Company	
	2017	2016
	RM'000	RM'000

Corporate guarantees issued to banks for banking facilities granted to certain subsidiaries (unsecured)

- Limit and utilised	<b>30,337</b>	36,750
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The fair value of corporate guarantees issued to the banks have not been recognised as the likelihood of the subsidiaries defaulting is remote and the amounts are not material.

	Group	
	2017	2016
	RM'000	RM'000

Bankers' guarantees issued to third parties in favour of subsidiaries (unsecured)	<b>5,041</b>	5,320
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Property development expenditure contracted for at the end of the reporting period but not yet incurred is as follows :

- Landowners' entitlement	<b>34,799</b>	40,974
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Commitments contracted for at the end of the reporting period but not yet provided for are as follows :

- Development land	<b>128,138</b>	-
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## 33. Related parties

### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities and may include close members of the family of key management personnel.

The Group has related party relationships with the following :

- i) Its subsidiaries and an associate as disclosed in Notes 7 and 8
- ii) Other related parties as disclosed below
- iii) The Directors and the key management personnel of the Group

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 33. Related parties (Cont'd)

### Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 13 and 19.

Name of related parties	Relationship
MDC Precast Industries Sdn Bhd, Macro Dimension Concrete Sdn Bhd, Glamour Living Sdn Bhd, Worldbesco Construction Sdn Bhd and Chinhinhome Sdn Bhd	<p>Low Ping Kun is a Director and major shareholder of the Company and major shareholder of these entities by virtue of his interest in Famivest Sdn Bhd.</p> <p>Low Kok Aun is a Director of the Company and these entities.</p> <p>Low Kok Shen is a Director of the Company and these entities except for MDC Precast Industries Sdn Bhd and Glamour Living Sdn Bhd.</p>
Kubang Pasu Development Sdn Bhd	<p>Low Ping Kun is a Director and major shareholder of the Company and major shareholder of this entity by virtue of his interest in LLSB 1980 Holdings Sdn Bhd.</p> <p>Low Kok Shen, Low Kok Aun and Low Kok Horng are Directors of the Company and this entity.</p>
Serba Wangi NS Sdn Bhd	<p>Low Ping Kun is a Director and major shareholder of the Company and major shareholder of this entity by virtue of his interest in Famivest Sdn Bhd.</p> <p>Low Kok Kean is a Director of the Company and this entity.</p>
API Precast Marketing Sdn Bhd	<p>Low Ping Kun is a Director and major shareholder of the Company and major shareholder of this entity by virtue of his interest in LLSB 1980 Holdings Sdn Bhd and Famivest Sdn Bhd.</p> <p>Low Kok Aun is a Director of the Company and this entity.</p>
Advance Return Sdn Bhd and Double Benefit Sdn Bhd	<p>Low Ping Kun is a Director and major shareholder of the Company and major shareholder of these entities by virtue of his interest in LLSB 1980 Holdings Sdn Bhd and Famivest Sdn Bhd.</p> <p>Low Kok Horng is a Director of the Company and these entities.</p>

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 33. Related parties (Cont'd)

### Significant related party transactions (Cont'd)

Name of related parties	Relationship
Seloka Setia Sdn Bhd and Impian Seloka Sdn Bhd	Low Ping Kun and Low Kok Aun are Directors of the Company and major shareholders of these entities by virtue of their interest in LLSB 1980 Holdings Sdn Bhd and Famivest Sdn Bhd.  Low Ping Kun is also a major shareholder of the Company.  Low Kok Horng is a Director of the Company and these entities.
ETOS Wangsa Sdn Bhd	Low Ping Kun, Low Kok Kean and Low Kok Aun are Directors of the Company and major shareholders of this entity by virtue of their interest in LLSB 1980 Holdings Sdn Bhd and LLS & Sons Sdn Bhd.  Low Ping Kun is also a major shareholder of the Company.  Low Kok Shen is a Director of the Company and this entity.
Teong Choon Enterprise (M) Sdn Bhd	Entity in which a substantial interest is owned directly by a person connected with Goh Cheng Guan @ Goo Beng who is Director of SW.

	Group	
	2017	2016
	RM'000	RM'000
<b>Transactions with related parties</b>		
Progress billings received and receivable	26,869	51,307
Purchases of construction materials	33,481	33,842
Purchases of fertilizer and chemical products	231	303
Sales and marketing service received and receivable	848	1,368
Deposit paid in respect of purchase of lands	6,461	-
Provision of renovation works, interior design, landscape and maintenance works	7,240	5,741
<b>Transactions with subsidiaries</b>		
Dividend income	17,501	8,612
Interest income received and receivable	4,502	3,293
Interest expense paid and payable	227	913
Management fees received and receivable	168	99
Advances to	120,151	91,457
Advances from	37,935	35,600
Redemption of Redeemable Preference shares	16,000	-

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 34. Acquisition of non-controlling interests

### Financial year ended 30 June 2017

- 34.1 On 25 April 2017, the Group acquired an additional 1.16% interest in OIB Properties (SW) Sdn Bhd for RM1,064,000 in cash increasing its ownership from 51.20% to 52.36%. The carrying amount of OIB Properties (SW) Sdn Bhd's net assets in the Group's financial statements on the date of the acquisition was RM105,426,464. The Group recognised a decrease in non-controlling interests of RM1,222,947 and an increase in retained earnings of RM158,947.

The following summarises the effect of changes in the equity interest in OIB Properties (SW) Sdn Bhd that is attributable to owners of the Company :

	Group RM
Equity interest at 1 July 2016	48,888,688
Effect of increase in company's ownership interest	1,222,947
Share of comprehensive income	11,424,998
Dividends	(3,692,589)
Equity interest at 30 June 2017	<u>57,844,044</u>

- 34.2 On 5 May 2017, the Group acquired an additional 0.25% interest in Aturan Cemerlang Sdn Bhd for RM80,314 in cash, increasing its ownership from 73.14% to 73.39%. The carrying amount of Aturan Cemerlang Sdn Bhd's net assets in the Group's financial statements on the date of acquisition was RM37,455,761. The Group recognised a decrease in non-controlling interests of RM93,639 and an increase in retained earnings of RM13,325.

The following summarises the effect of changes in the equity interest in Aturan Cemerlang Sdn Bhd that is attributable to owners of the Company :

	Group RM
Equity interest at 1 July 2016	23,551,106
Effect of increase in company's ownership interest	93,639
Share of comprehensive income	4,454,844
Equity interest at 30 June 2017	<u>28,099,589</u>

### Financial year ended 30 June 2016

- 34.3 On 25 September 2015, the Group acquired an additional 20% interest in Yiked Alliance Sdn Bhd for RM3,912,893 in cash increasing its ownership from 80% to 100%. The carrying amount of Yiked Alliance Sdn Bhd's net assets in the Group's financial statements on the date of the acquisition was RM20,170,306. The Group recognised a decrease in non-controlling interests of RM4,034,061 and an increase in retained earnings of RM121,168.

The following summarises the effect of changes in the equity interest in Yiked Alliance Sdn Bhd that is attributable to owners of the Company :

	Group RM
Equity interest at 1 July 2015	16,067,984
Effect of increase in company's ownership interest	4,034,061
Share of comprehensive income	68,261
Equity interest at 30 June 2016	<u>20,170,306</u>

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 34. Acquisition of non-controlling interests (Cont'd)

### Financial year ended 30 June 2016 (Cont'd)

- 34.4 On 25 September 2015, the Group acquired an additional 20% interest in Yiked Brilliant Sdn Bhd for RM1,994,734 in cash, increasing its ownership from 80% to 100%. The carrying amount of Yiked Brilliant Sdn Bhd's net assets in the Group's financial statements on the date of acquisition was RM14,235,442. The Group recognised a decrease in non-controlling interests of RM2,847,088 and an increase in retained earnings of RM852,354.

The following summarises the effect of changes in the equity interest in Yiked Brilliant Sdn Bhd that is attributable to owners of the Company :

	Group RM
Equity interest at 1 July 2015	9,781,360
Effect of increase in company's ownership interest	2,847,088
Share of comprehensive income	1,606,994
Equity interest at 30 June 2016	<u>14,235,442</u>

## 35. Significant events

- 35.1 The Group had, on 25 April 2017, acquired the 1% equity interest in OIB Properties (SW) Sdn Bhd. The details of such event is disclosed in Note 34.1 to the financial statements.
- 35.2 The Group had, on 5 May 2017, acquired the 0.25% equity interest in Aturan Cemerlang Sdn Bhd. The details of such event is disclosed in Note 34.2 to the financial statements.
- 35.3 On 23 May 2017, RHB Investment Bank Berhad had, on behalf of the Board of Directors of the Company ("Board"), announced that OIB Properties (K) Sdn Bhd, a wholly-owned subsidiary of the Company had on 23 May 2017, entered into four (4) separate conditional sale and purchase agreements ("SPA") for the proposed acquisitions of the following :
- (i) A parcel of leasehold land measuring approximately 35.57 acres at District of Kuala Selangor, State of Selangor, for a purchase consideration of RM28,000,000 to be satisfied through a combination of cash amounting to RM14,999,231 and the issuance of 13,000,769 redeemable preference shares of the Company at an issue price of RM1 each.
  - (ii) 406 sub-divided freehold lands measuring approximately 33.08 acres at District of Kuala Muda, State of Kedah, for a purchase consideration of RM40,142,000 to be satisfied through a combination of cash amounting to RM21,503,540 and the issuance of 18,638,460 redeemable preference shares of the Company at an issue price of RM1 each.
  - (iii) Part of six (6) parcels of freehold lands measuring approximately 148.61 acres at District of Kuala Muda, State of Kedah, for a purchase consideration of RM34,805,000 to be satisfied through a combination of cash amounting to RM18,644,579 and the issuance of 16,160,421 redeemable preference shares of the Company at an issue price of RM1 each.
  - (iv) 11 parcels of adjoining freehold lands measuring approximately 5.03 acres at District of Barat Daya, State of Pulau Pinang, for a purchase consideration of RM26,280,000 to be satisfied through a combination of cash amounting to RM1,314,000 and the issuance of 9,986,400 new ordinary shares of the Company at an issue price of RM2.50 each.

The purchase of the lands is subject to fulfillment of the conditions as stipulated in the SPA including obtaining the approval from shareholders in an Extraordinary General Meeting.

- 35.4 The Company had, on 27 September 2016, acquired the entire shareholdings of Sungei Lalang Development Sdn Bhd from OIB Properties (K) Sdn Bhd for RM8,486,000. Sungei Lalang Development Sdn Bhd which in turn is a direct wholly-owned subsidiary of the Company.
- 35.5 The Company had, on 11 November 2016, incorporated a subsidiary of the Company, namely Myra Gardens Sdn Bhd ("MYRA"). MYRA is capitalised at RM10.00 comprising 10 ordinary shares and its principal activity is property development.

Subsequently, MYRA increased its share capital to RM1,000,000 comprising 1,000,000 ordinary shares. The Company subscribed additional 800,000 ordinary shares for RM800,000.



# Notes to the Financial Statements

For The Financial Year Ended 30 June 2017 (Cont'd)



## 36. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 30 June 2017, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows :

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries :				
- realised	<b>308,973</b>	259,703	<b>81,782</b>	73,140
- unrealised	<b>(451)</b>	(228)	-	-
Total share of retained earnings of associate :				
- realised	<b>72</b>	47	-	-
Less : Consolidation adjustments	<b>(121,165)</b>	(99,680)	-	-
Total retained earnings	<b>187,429</b>	159,842	<b>81,782</b>	73,140

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

# Statement by Directors

Pursuant To Section 251(2) Of The Companies Act 2016



In the opinion of the Directors, the financial statements set out on pages 40 to 108 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2017 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 36 on page 109 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

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**Low Kok Shen**

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**Low Kok Aun**

Kedah Darul Aman

Date : 20 September 2017

## Statutory Declaration

Pursuant To Section 251(1)(b) Of The Companies Act 2016

I, **Leow Chin Huey**, the officer primarily responsible for the financial management of Oriental Interest Berhad, do solemnly and sincerely declare that the financial statements set out on pages 40 to 109 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Leow Chin Huey**, NRIC : 700413-07-5420 at Georgetown in the State of Penang on 20 September 2017.

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**Leow Chin Huey**

Before me :

Goh Suan Bee  
(No. P125)  
Commissioner for Oaths

# Independent Auditors' Report

To The Members Of Oriental Interest Berhad



## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Oriental Interest Berhad, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 40 to 108.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the 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 auditors' 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 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.

### Revenue and cost recognition on the sale of properties under construction

Refer to Note 2(o)(i) – Significant accounting policies – Sale of property development and Note 10 – Property development costs.

### The key audit matter

The Group recognised revenue and cost of units sold relating to properties under construction based on the stage of completion method. The stage of completion for each project is measured by certificates issued by architects based on the physical completion of the work performed in proportion to the total development. The recognition of revenue and cost is therefore dependent on the Group's estimated gross development costs, which includes estimates and judgement made by the Directors based on costs incurred in the past development.

The revenue and cost recognition on the sale of properties under construction is identified as a key audit matter because it is subject to Directors' judgement and estimation uncertainty.

### How the matter was addressed in our audit

Our audit procedures performed in this area included, among others :

- Tested the Group's controls by checking for evidence of reviews and approvals over development cost, setting budgets, authorising and recording of actual costs incurred;
- Compared the architect certificates against the stage of completion applied in profit or loss recognition to assess the reasonableness of stage of completion;
- Obtained confirmations from architects on the percentage of completion for respective on-going projects;

# Independent Auditors' Report

To The Members of Oriental Interest Berhad (Cont'd)



## How the matter was addressed in our audit (Cont'd)

Our audit procedures performed in this area included, among others : (Cont'd)

- Challenged the assumptions in deriving at the estimates of development costs. This includes comparing the actual margins achieved for previous similar completed projects to estimates used for on-going projects and compared the estimated cost to suppliers' agreements or tenders and considered allowance for cost increase has been included in these estimates; and
- Agreed costs incurred during the year to invoices and/or progress claims and checked that they met the definition of development costs.

We have determined that there is no key audit matter in the audit of the separate financial statements of the Company to communicate in our auditors' report.

## 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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that 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 ability of the Group and of the Company 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 internal control of the Group and of the Company.

# Independent Auditors' Report

To The Members Of Oriental Interest Berhad (Cont'd)



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

- 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 ability of the Group or of the Company 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 gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that we are auditors of all subsidiaries disclosed in Note 7 to the financial statements.

## Other Reporting Responsibilities

The supplementary information set out in Note 36 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## Other Matters

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

**KPMG PLT**  
LLP0010081-LCA & AF 0758  
Chartered Accountants

**Dato' Ooi Kok Seng**  
Approval Number : 02432/05/2019 J  
Chartered Accountant

Date : 20 September 2017

Penang

# Analysis of Shareholdings



Total number of issued shares : 144,871,994  
Voting rights : One (1) vote per ordinary share

## Thirty Largest Shareholders as at 2 October 2017

No.	Name	Number of Shares	% of Shares
1	Jupiter Sunrise Sdn Bhd	85,030,069	58.69
2	Tan Chang Tok Sdn Bhd	11,779,663	8.13
3	Goh Say Seah Realty Sdn Bhd	8,087,764	5.58
4	Lee Soo Ee Holdings Sendirian Berhad	3,600,000	2.49
5	Chia Beng Tat	3,015,500	2.08
6	Goh Aik Lean Holdings Sdn Bhd	2,499,200	1.73
7	Goh Aik Lean	1,600,000	1.10
8	Ooi Beng Liew & Sons Sdn Bhd	1,600,000	1.10
9	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Goh Aik Lai Holdings Sdn Bhd (PB)</i>	1,455,040	1.00
10	Chan Boon Aik	1,283,020	0.89
11	Lim Lean Peng & Sons Sdn Bhd	1,030,000	0.71
12	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Lor Cheng Yoon (8070973)</i>	848,160	0.59
13	Chua Keng Lim & Sons Sdn Bhd	800,000	0.55
14	Lim Lean Brothers Enterprise Sdn Bhd	800,000	0.55
15	Tay Eng Su	472,995	0.33
16	YSH Realty Sdn Bhd	470,400	0.32
17	Poh Chow Kok	467,700	0.32
18	Affin Hwang Nominees (Asing) Sdn Bhd <i>Exempt an for DBS Vickers Securities (Singapore) Pte Ltd (Clients)</i>	451,600	0.31
19	Lim Lian Pian & Sons Sdn Bhd	340,000	0.23
20	Perfect Scores Sdn Bhd	322,101	0.22
21	Fortune Yields Sdn Bhd	320,324	0.22
22	Goh Mooi Nee	320,000	0.22
23	Saw Lai Choo	312,760	0.22
24	Chua Keng Huat	264,000	0.18
25	Tay Eng Lee	241,193	0.17
26	Chua Chew Ping	233,600	0.16
27	Ooi Say Tiong	224,000	0.15
28	Yian May Fun	218,980	0.15
29	Yu Chee Guan	216,000	0.15
30	CIMSEC Nominees (Asing) Sdn Bhd <i>Exempt an for CIMB Securities (Singapore) Pte Ltd (Retail Clients)</i>	215,200	0.15

# Analysis of Shareholdings (Cont'd)



## Distribution of Shareholders as at 2 October 2017

Size of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
Less than 100	17	1.15	378	0.00
100 – 1,000	54	3.65	29,401	0.02
1,001 – 10,000	1,100	74.27	3,378,560	2.33
10,001 – 100,000	240	16.21	6,826,960	4.71
100,001 – 7,243,598	67	4.52	29,739,199	20.53
7,243,599 and above	3	0.20	104,897,496	72.41
<b>Total</b>	<b>1,481</b>	<b>100.00</b>	<b>144,871,994</b>	<b>100.00</b>

## Directors' Shareholdings as per register as at 2 October 2017

Name	Direct Interest		Deemed Interest	
	No.	%	No.	%
Dato' Wira Lim Teong Kiat	-	-	-	-
Tunku Mohamad Zulkifli Bin Osman	-	-	-	-
Low Kok Shen	-	-	-	-
Low Kok Aun	-	-	-	-
Low Kok Kean	-	-	-	-
Low Ping Kun	-	-	85,030,069*	58.69
Low Kok Horng	-	-	-	-

\* Deemed interested pursuant to Section 8(4) of the Companies Act 2016

## Substantial Shareholders as per register as at 2 October 2017

Name	Direct Interest		Deemed Interest	
	No.	%	No	%
Jupiter Sunrise Sdn Bhd	85,030,069	58.69	-	-
Tan Chang Tok Sdn Bhd	11,779,663	8.13	-	-
Goh Say Seah Realty Sdn Bhd	8,087,764	5.58	-	-
Famivest Sdn Bhd	-	-	85,030,069*	58.69
LLSB 1980 Holdings Sdn Bhd	-	-	85,030,069*	58.69
LLS & Sons Sdn Bhd	-	-	85,030,069*	58.69
Low Keong Koon Sdn Bhd	-	-	85,030,069*	58.69
Low Ping Kun Sdn Bhd	-	-	85,030,069*	58.69
Low Ping Kun	-	-	85,030,069*	58.69
Low Keong Koon	-	-	85,030,069*	58.69
Tan Poh Sim	-	-	85,030,069*	58.69
Tan Eian Hoe	-	-	11,779,663*	8.13



## Substantial Shareholders as per register as at 2 October 2017 (Cont'd)

Name	Direct Interest		Deemed Interest	
	No.	%	No	%
Tan Swee Huat Sdn Bhd	-	-	11,779,663*	8.13
Tan Ean Poe	-	-	11,779,663*	8.13
Tan Yen Sooh	-	-	11,779,663*	8.13
Tan Swee Bee Sdn Bhd	-	-	11,779,663*	8.13
Tan Yen Tong	-	-	11,779,663*	8.13
Tan Yean Sim	-	-	11,779,663*	8.13
HSPS Holdings Sdn Bhd	-	-	11,779,663*	8.13
Tan Ean Pin	-	-	11,779,663*	8.13
Tan Ean See	-	-	11,779,663*	8.13
Tan Ean Hoon	-	-	11,779,663*	8.13
Tan Chung Yi	-	-	11,779,663*	8.13
Goh Say Seah @ Goh Say Seak	-	-	8,087,764*	5.58

\* Deemed interested pursuant to Section 8(4) of the Companies Act 2016



# Properties of The Group

As At 30 June 2017



Address / Location	Description/ Year of Acquisition or Revaluation	Approximate Land/Floor Area	Tenure/Age of Building (years)	Carrying Value (RM'000)
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## **Property, Plant and Equipment**

### **Sungai Petani**

Mukim Teloi Kiri District of Kuala Muda Kedah Darul Aman	Agriculture Land for Oil Palm Cultivation	244.15 acres	Freehold	3,759
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### **Kulim**

343 Jalan Tunku Mohd Asaad Kulim Kedah Darul Aman	Bungalow Sales Office/ 1996	62,483 sq ft	Freehold/60	1,036
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Bandar Kulim District of Kulim Kedah Darul Aman	Agriculture Land Pending Commencement of Development	1.61 acres	Freehold	1,763
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Mukim Sidam Kanan District of Kulim Kedah Darul Aman	Agriculture Land for Oil Palm Cultivation	582.11 acres	Freehold	28,599
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### **Kuala Lumpur / Sepang / Negeri Sembilan**

22 Jalan ST 1C/4 Medan 88 Bandar Baru Salak Tinggi Sepang Selangor Darul Ehsan	3 Storey Shophouse Sales Office / 1997	3,900 sq ft	99 years lease expiring in 2092/21	105
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Seri Bayu Resort Hotel Bagan Lalang Sepang Selangor Darul Ehsan	3 Storey Apartment for Hotel Operations (66 units) / 2013 (72 units) / 2014	121,527 sq ft	Freehold/5	18,214
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Mukim Setul Seremban Negeri Sembilan Darul Khusus	Agriculture Land for Oil Palm Cultivation	172.90 acres	99 years lease expiring in 2081	10,412
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Mukim Ampang Kuala Lumpur Wilayah Persekutuan KL	Vacant Land Pending Commencement of Development	0.24 acres	99 years lease expiring in 2091	733
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# Properties of The Group

As At 30 June 2017 (Cont'd)



Address / Location	Description/ Year of Acquisition or Revaluation	Approximate Land/Floor Area	Tenure/Age of Building (years)	Carrying Value (RM'000)
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## Investment Properties

### **Sungai Petani**

1 & 2 Jalan Bank Sungai Petani Kedah Darul Aman	6 Storey Office Building/ 1993	25,254 sq ft	Freehold/21	1,951
7 & 8 Jalan Bank Sungai Petani Kedah Darul Aman	3 Storey Office Building/ 2004	12,861 sq ft	Freehold/14	1,281
Bandar Sungai Petani District of Kuala Muda Kedah Darul Aman	Vacant Development Land	4.29 acres	Freehold	10,284

### **Kulim**

32 - 42 Lorong Semarak 2 Taman Semarak Kulim Kedah Darul Aman	3 Storey Shophouses/ 1996	49,050 sq ft	Freehold/22	1,247
968 - 990 Jalan Lembah Impiana 7 Lembah Impiana III Kulim Kedah Darul Aman	2 Storey Shophouses/ 2016	78,943 sq ft	Freehold/1	5,740
Mukim Sidam Kanan District of Kulim Kedah Darul Aman	Vacant Development Land	4.15 acres	Freehold	814

### **Selangor**

No. 20 Jalan Seroja 6 Taman Seroja Bandar Baru Salak Tinggi Selangor Selangor Darul Ehsan	2 Storey Shop/ 2009	3,080 sq ft	99 years lease expiring in 2094/8	218
Mukim Dengkil District of Selangor Selangor Darul Ehsan	Vacant Development Land	3.06 acres	Freehold	2,355
Mukim Dengkil District of Selangor Selangor Darul Ehsan	Vacant Development Land	0.79 acres	99 years lease expiring in 2108	2,551

# Properties of The Group

As At 30 June 2017 (Cont'd)



Address / Location	Description/ Year of Acquisition or Revaluation	Approximate Land/Floor Area	Tenure/Age of Building (years)	Carrying Value (RM'000)
<b>Land Held for Property Development</b>				
<b>Sungai Petani</b>				
Bandar Sungai Petani District of Kuala Muda Kedah Darul Aman	Development Land Approved for Housing	40.57 acres	Freehold	14,750
<b>Kulim</b>				
Bandar Kulim District of Kulim Kedah Darul Aman	Development Land Approved for Housing	18.03 acres	Freehold	4,712
Bandar Kulim District of Kulim Kedah Darul Aman	Vacant Land for Future Development	27.96 acres	Freehold	933
Bandar Kulim District of Kulim Kedah Darul Aman	Agriculture Land for Future Development	0.38 acres	Freehold	14
Mukim Sidam Kanan District of Kulim Kedah Darul Aman	Development Land Approved for Housing	32.14 acres	Freehold	7,260
Mukim Pekan Pulai District of Baling Kedah Darul Aman	Development Land Approved for Housing	3.23 acres	Freehold	2,975
<b>Selangor</b>				
Mukim Dengkil District of Sepang Selangor Darul Ehsan	Development Land Approved for Housing	57.81 acres	Freehold	44,422
Mukim Dengkil District of Sepang Selangor Darul Ehsan	Vacant Land for Future Development	3.90 acres	99 years lease expiring in 2094/2108	18,675
Mukim Sepang District of Sepang Selangor Darul Ehsan	Development Land Approved for Housing	3.35 acres	Freehold	923

# Development Land Under Landowner and Developer Agreement

As At 30 June 2017



Location	Approximate Land Area	Tenure
<b>Kedah</b>		
Bandar Sungai Petani, Pekan Bedong/Sungai Lalang District of Kuala Muda Kedah Darul Aman	86.75 acres	Freehold
Bandar Alor Setar District of Kota Setar Kedah Darul Aman	3.35 acres	99 years lease expiring in 2115
<b>Selangor / Gombak / Melaka / Kuala Lumpur</b>		
Mukim Labu District of Sepang Selangor Darul Ehsan	7.94 acres	Freehold
Mukim Dengkil District of Sepang Selangor Darul Ehsan	91.48 acres	99 years lease expiring between 2093 - 2106
Mukim Dengkil District of Sepang Selangor Darul Ehsan	22.97 acres	Freehold
Mukim Setapak District of Gombak Selangor Darul Ehsan	19.17 acres	99 years lease expiring in 2094
Mukim Bukit Katil District of Melaka Tengah Melaka	7.01 acres	99 years lease expiring between 2105 - 2110
Mukim Ampang District of Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	0.29 acres	99 years lease expiring in 2104
Pekan Pengkalan Kundang District of Gombak Selangor Darul Ehsan	78.75 acres	Freehold

# Notice of Annual General Meeting



NOTICE IS HEREBY GIVEN that the Twenty-Fourth (24<sup>th</sup>) Annual General Meeting ("AGM") of **ORIENTAL INTEREST BERHAD** ("OIB" or "the Company") will be held at Dewan Bankuet Jubli Emas, Royal Kedah Club, Pumpong, 05250 Alor Setar, Kedah Darul Aman on Sunday, 26 November 2017 at 10:30 a.m. for the following purposes :

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors retiring pursuant to the Articles of Association (Constitution) of the Company :
  - (a) Mr. Low Kok Aun
  - (b) Mr. Low Kok Horng
3. To approve the payment of Directors' fees for the financial year ended 30 June 2017.
4. To approve the benefits payable to the Directors of the Company up to an aggregate amount of approximately RM150,000 from 31 January 2017 until the conclusion of the next AGM of the Company.
5. To re-appoint Messrs KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016) as Auditors of the Company and to authorise the Directors to fix their remuneration.

**Ordinary Resolution 1**  
**Ordinary Resolution 2**

**Ordinary Resolution 3**

**Ordinary Resolution 4**

**Ordinary Resolution 5**

### AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions with or without modifications.

6. **AUTHORITY TO ALLOT AND ISSUE SHARES BY DIRECTORS PURSUANT TO SECTION 76 OF THE COMPANIES ACT 2016**  
"THAT pursuant to Section 76 of the Companies Act 2016 ("the Act"), the Constitution of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company at the time of issue and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

**Ordinary Resolution 6**



7. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

**Ordinary Resolution 7**

"THAT approval be and is hereby given to the Company, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as "Recurrent Transactions") with the related parties as stated in Section 2 of the Circular to Shareholders dated 31 October 2017 which are necessary for the Company's day-to-day operations subject further to the following :

- (i) the Recurrent Transactions contemplated are in the ordinary course of business and on terms which are not more favourable to related parties than those generally available to the public, and are not to the detriment of the minority shareholders;
- (ii) the approval is subject to annual renewal and shall only continue to be in force until :
  - (a) the conclusion of the next AGM of the Company following the forthcoming AGM of the Company at which the Proposed Shareholders' Mandate is approved, at which time it will lapse unless by a resolution passed at the AGM the mandate is again renewed;
  - (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
  - (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this resolution, as the Directors of the Company, in their absolute discretion, deem fit."

8. To transact any other business of which due notice shall have been given.

By Order of the Board

**TAI YIT CHAN** (MAICSA 7009143)  
**ONG TZE-EN** (MAICSA 7026537)  
Company Secretaries

Penang  
31 October 2017

**Notes :**

- 1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation.
- 2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- 3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- 4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- 5. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 George Town, Penang not less than forty-eight (48) hours before the time set for holding the meeting and any adjournment thereof.
- 6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 17 November 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.



## **Explanatory Note on Ordinary Business :**

Ordinary Resolution 4, the benefits payable to the Directors has been reviewed by the Remuneration Committee and the Board of Directors of the Company, which recognises that the benefits payable is in the best interest of the Company. The benefits comprised of meeting allowance, travelling allowance and Board Committee allowances. In determining the estimated total amount of benefits payable, the Board considered various factors including the number of scheduled meetings as well as the number of Directors involved in these meetings.

## **Explanatory Notes on Special Business :**

### **Ordinary Resolution 6 - Authority to allot and issue shares by Directors pursuant to Section 76 of the Companies Act 2016**

The proposed Ordinary Resolution 6, if passed, will empower the Directors to issue shares up to an aggregate amount not exceeding 10% of the issued and paid-up share capital of the Company for the time being, for such purposes as the Directors consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM.

This is a renewal of the mandate obtained from its shareholders at the last AGM held on 21 November 2016 and will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares for purpose of funding future investment, working capital and/or acquisitions.

As of the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 21 November 2016 and which will lapse at the conclusion of the Twenty-Fourth (24<sup>th</sup>) AGM of the Company.

### **Ordinary Resolution 7 - Proposed Shareholders' Mandate**

The proposed Ordinary Resolution 7, if passed, will empower the Directors from the date of the Twenty-Fourth (24<sup>th</sup>) AGM, to deal with the related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations. These recurrent related party transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company and subject always to provision (ii) of the resolution. The details of the recurrent related party transactions are set out in the Circular to the Shareholders dated 31 October 2017, which is dispatched together with this Annual Report.

### **Statement Accompanying Notice of AGM**

#### **(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirement)**

No individual is standing for election as a Director at the forthcoming Twenty-Fourth (24<sup>th</sup>) AGM of the Company.

## Additional Compliance Information



### Audit and non-audit fees

The amount of audit fees and non-audit fees paid or payable to the external auditors or a firm or corporation affiliated to the external auditors by the Company and the Group for the financial year ended 30 June 2017 are as follow :

	Group (RM)	Company (RM)
Fees paid or payable to the external auditors :		
Audit fees	249,000	37,000
Non-audit fees	25,000	4,000
Non-audit fees paid or payable to an affiliated firm of the external auditors for tax compliance and advisory services	100,700	6,000
<b>Total</b>	<b>374,700</b>	<b>47,000</b>

### Material Contracts and Contracts Relating to Loans

There were no material contracts or contracts relating to loans entered into by the Company or its subsidiaries involving interests of Directors and major shareholders of the Company, still subsisting at the end of the financial year save for four (4) separate conditional sale and purchase agreements ("SPA") entered into by OIB Properties (K) Sdn Bhd, a wholly-owned subsidiary of the Company on 23 May 2017 for the proposed acquisitions of the following :

- A parcel of leasehold land measuring approximately 35.57 acres at District of Kuala Selangor, State of Selangor, for a purchase consideration of RM28,000,000 to be satisfied through a combination of cash amounting to RM14,999,231 and the issuance of 13,000,769 redeemable preference shares of the Company at an issue price of RM1 each.
- 406 sub-divided freehold lands measuring approximately 33.08 acres at District of Kuala Muda, State of Kedah, for a purchase consideration of RM40,142,000 to be satisfied through a combination of cash amounting to RM21,503,540 and the issuance of 18,638,460 redeemable preference shares of the Company at an issue price of RM1 each.
- Part of six (6) parcels of freehold lands measuring approximately 148.61 acres at District of Kuala Muda, State of Kedah, for a purchase consideration of RM34,805,000 to be satisfied through a combination of cash amounting to RM18,644,579 and the issuance of 16,160,421 redeemable preference shares of the Company at an issue price of RM1 each.
- 11 parcels of adjoining freehold lands measuring approximately 5.03 acres at District of Barat Daya, State of Pulau Pinang, for a purchase consideration of RM26,280,000 to be satisfied through a combination of cash amounting to RM1,314,000 and the issuance of 9,986,400 new ordinary shares of the Company at an issue price of RM2.50 each.

The purchase of the lands is subject to fulfilment of the conditions as stipulated in the SPA including obtaining the approval from shareholders in an Extraordinary General Meeting to be convened on 26 November 2017.

### Recurrent Related Party Transactions

The details of significant recurrent related party transactions ("RRPT") of a revenue or trading nature entered into during the financial year ended 30 June 2017 pursuant to the shareholders' mandate obtained by the Company at the AGM held on 21 November 2016 are as set out under Note 33 of the Audited Financial Statements for the financial year ended 30 June 2017 in this Annual Report and also in the Circular to Shareholders dated 31 October 2017 seeking approval for the proposed shareholders' mandate for RRPT of a revenue or trading nature.





## PROXY FORM

Oriental Interest Berhad  
(Company No. 272144-M)  
(Incorporated in Malaysia)

CDS Account No.

No. of Shares held



I/We \_\_\_\_\_  
(Full Name in Block Letters and NRIC / Company No.)  
of \_\_\_\_\_ and \_\_\_\_\_  
(Address) (Tel. No.)

being a member/ members of the Company, hereby appoint

Full Name and Address (in Block Letters)	NRIC / Passport No.	No. of Shares	% of Shareholding

\* and/or (\*delete if not applicable)

Full Name and Address (in Block Letters)	NRIC / Passport No.	No. of Shares	% of Shareholding

or failing him/her, the Chairman of the Company as my/our proxy(ies), to vote for me/us and on my/our behalf at the Twenty-Fourth (24<sup>th</sup>) Annual General Meeting of the Company to be held at Dewan Bankuet Jubli Emas, Royal Kedah Club, Pumphong, 05250 Alor Setar, Kedah Darul Aman on Sunday, 26 November 2017 at 10.30 a.m. and at any adjournment thereof in the manner indicated below :

No.	Ordinary Resolutions	For	Against
1.	Re-election of Low Kok Aun		
2.	Re-election of Low Kok Horng		
3.	Approval of Directors' Fees for financial year ended 30 June 2017		
4.	Approval of the benefits payable to the Directors of the Company from 31 January 2017 until the conclusion of the next AGM of the Company		
5.	Re-appointment of Messrs KPMG PLT as Auditors of the Company		
6.	Authority to allot and issue shares by Directors pursuant to Section 76 of the Companies Act 2016		
7.	Approval for the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

(Please indicate with an "x" in the space provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Signed this \_\_\_\_\_ day of November, 2017.

\_\_\_\_\_  
Signature/Common Seal

### Notes :

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation.
- A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 George Town, Penang not less than forty-eight (48) hours before the time set for holding the meeting and any adjournment thereof.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 17 November 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

### Personal Data Privacy :

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting of the Company and any adjournment thereof.

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Then fold here

Affix  
Stamp

The Company Secretaries  
**ORIENTAL INTEREST BERHAD** (272144-M)  
Suite 16-1 (Penthouse Upper)  
Menara Penang Garden  
42A Jalan Sultan Ahmad Shah  
10050 George Town, Penang

Fold this flap for sealing



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